



OFFICIAL REPORT
AITHISG OIFIGEIL

Rural Economy and Connectivity Committee

Wednesday 22 February 2017

Session 5



The Scottish Parliament
Pàrlamaid na h-Alba

Wednesday 22 February 2017

CONTENTS

	Col.
DECISION ON TAKING BUSINESS IN PRIVATE	1
DRAFT CLIMATE CHANGE PLAN	2
SUBORDINATE LEGISLATION.....	54
National Bus Travel Concession Scheme for Older and Disabled Persons (Scotland) Amendment Order 2017 [Draft].....	54

RURAL ECONOMY AND CONNECTIVITY COMMITTEE
6th Meeting 2017, Session 5

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

*Gail Ross (Caithness, Sutherland and Ross) (SNP)

COMMITTEE MEMBERS

*Peter Chapman (North East Scotland) (Con)
*Mairi Evans (Angus North and Mearns) (SNP)
*John Finnie (Highlands and Islands) (Green)
*Rhoda Grant (Highlands and Islands) (Lab)
*Jamie Greene (West Scotland) (Con)
*Richard Lyle (Uddingston and Bellshill) (SNP)
*John Mason (Glasgow Shettleston) (SNP)
*Mike Rumbles (North East Scotland) (LD)
*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Donald Carmichael (Scottish Government)
Tom Davy (Scottish Government)
Jonathan Dennis (Scottish Government)
Fergus Ewing (Cabinet Secretary for Rural Economy and Connectivity)
Jo O'Hara (Scottish Government)
Gordon Struth (Scottish Government)
Humza Yousaf (Minister for Transport and the Islands)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

The Adam Smith Room (CR5)

Scottish Parliament

Rural Economy and Connectivity Committee

Wednesday 22 February 2017

[The Convener opened the meeting at 09:31]

Decision on Taking Business in Private

The Convener (Edward Mountain): Good morning and welcome to the sixth meeting in 2017 of the Rural Economy and Connectivity Committee. I remind everyone to ensure that their mobile phones are switched to silent. No apologies have been received.

We move to agenda item 1. Is the committee content to take items 5 and 6 in private, and to take in private at future meetings consideration of its report on “Draft Climate Change Plan: The draft third report on policies and proposals 2017-2032” and an approach paper on the proposed seat belts on school transport bill?

Members *indicated agreement.*

Draft Climate Change Plan

09:32

The Convener: Before we move on to what will be a lengthy evidence-taking session, I ask everyone around the table to declare any interests that they have with regard to agriculture and transport.

Peter Chapman (North East Scotland) (Con): I declare that I am a partner in an agricultural business in the north-east.

The Convener: I, too, declare that I am a partner in an agricultural business.

Gail Ross (Caithness, Sutherland and Ross) (SNP): With regard to transport, I am an honorary vice-president of Friends of the Far North Line.

Rhoda Grant (Highlands and Islands) (Lab): Ditto to that.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): I have a small registered agricultural holding, and am president of the Scottish Association for Public Transport and a vice-president of Railfuture UK. In relation to agenda items 3 and 4, I declare that I am a holder and user of senior citizen bus pass.

The Convener: Mike?

Mike Rumbles (North East Scotland) (LD): I have nothing to say.

The Convener: John?

John Finnie (Highlands and Islands) (Green): I have nothing to declare.

The Convener: Agenda item 2 is consideration of the draft climate change plan for agriculture. I am delighted to welcome to the meeting the Cabinet Secretary for Rural Economy and Connectivity. First, I want to record the committee's thanks to everyone who responded to the call for evidence. We received 49 written submissions, which are available on the committee's website.

The cabinet secretary is joined by Gordon Struth, who is head of climate change and business support in the Scottish Government. Cabinet secretary, I have been asked to remind you that because we have a lot of questions, as we always have when you come before the committee, we would like answers to be as brief as possible. That said, do you want to make a brief opening statement before we take evidence?

The Cabinet Secretary for Rural Economy and Connectivity (Fergus Ewing): Yes, I do, convener—with your permission.

The Convener: Of course.

Fergus Ewing: Good morning, ladies and gentlemen.

As carbon dioxide makes up only 20 per cent of agricultural emissions, agriculture is clearly not like most other sectors. Professor Pete Smith, who is the lead author on agriculture for the Intergovernmental Panel on Climate Change, said when he was before the committee a few weeks ago:

"Agriculture is a more difficult sector to decarbonise because greenhouse gas emissions other than carbon dioxide are involved."—[*Official Report, Rural Economy and Connectivity Committee*, 1 February 2017; c 30.]

Those emissions are mostly from the biological processes that are inherent in food production. Although some foods produce lower emissions than others, there is no zero-emissions food, and we all, of course, have to eat.

The sector requires a distinctive approach to tackle nitrous oxide, which is 298 times worse than carbon dioxide, and methane, which is 25 times worse than carbon dioxide. There are no easy options. Most of the steps that farmers can take to reduce their emissions can be taken only voluntarily. The Government can, for example, do little to force improvements in livestock fertility, mortality or health. Also, we cannot know the amount of fertiliser a farmer has actually applied to a field or—if it was raining—when they did so.

Factors such as field drainage and soil compaction are enforceable only at the extreme. We need farmers to want to make the changes, but for most mitigation measures we have no realistic means of making, enforcing or directing them so to do.

The draft climate change plan sets out our approach across five policy outcomes covering all the sources of emissions in agriculture. We are targeting every step in the process—from soil to livestock, to waste and byproducts. Our role is to show our farmers what changes they can make to reduce emissions and at the same time improve their profitability, and to give them every support and encouragement.

There is a significant risk that moving immediately to a regulatory approach would achieve the opposite of the intended effect by alienating farmers and damaging their view of climate-friendly farming. If we create an impression among farmers that climate-friendly farming is something that is being done to them through inspections, enforcement and penalties, they will turn against all the other steps that we want them to take. We cannot significantly reduce emissions from agriculture without the good will of the actual custodians of the land. The good news is that most of the actions that farmers can take to reduce emissions will make or save them money.

What is good for the planet is, therefore, good for their pockets, as well.

I believe that engagement and encouragement will best achieve the objectives that we have set out in the agriculture chapter of the draft climate change plan. Building on the success of programmes such as farming for a better climate and the soil and nutrient network, we can demonstrate to farmers and crofters that every business can have better soil, healthier crops and more productive livestock, and make the most of its waste products—because farms just like theirs have already done that and have made money at the same time.

There is no question: meeting our statutory emissions reduction targets will require a big effort from agriculture. It is a challenge that, with the right approach, I know the sector can meet. It will not be achieved by working against the industry, though, and it definitely will not happen if we harm farming incomes. Becoming more sustainable often means some up-front costs and risks, but you cannot be green when you are in the red.

I am confident that, as more and more farmers realise the benefits of improving their soil, increasing their livestock efficiency and generating their own renewable energy, we will not call it "climate-friendly farming" any more; it will just be called farming.

The Convener: Thank you, cabinet secretary.

Stewart Stevenson: The cabinet secretary gave us in his opening remarks a relatively long list of unknowns. In that light, how did the Government come up with an emissions reduction target for farming? What sector experts did you consult in coming up with your target?

Fergus Ewing: For precisely the reasons that Stewart Stevenson alluded to, such matters are difficult to assess. Some things can be easily measured and some are more difficult to ascertain, such as methodology and criteria for measurement. Given what I have said and what Stewart Stevenson has picked up from it, I hope that that general principle is agreed. This is not a particularly easy task. It is quite easy to measure emissions of CO₂ in other areas—transport, for example—but the principle is that it is far more difficult to measure emissions in farming. We have to recognise that.

To respond to the question, the UK marginal abatement cost curve for agriculture was used for the first TIMES run, but it was not designed to be used as a model. It describes measures to be taken at farm level that cannot be delivered through policy. Some measures are undesirable for health and safety, food safety, animal welfare or environmental reasons.

A revised marginal abatement cost curve was commissioned from Scotland's Rural College to be used in TIMES, but it assessed abatement potential quite conservatively. Analysis by agriculture officials in dialogue with scientists, including those who produced the mainstreaming adaptation to climate change project, concluded that a reduction of 500 kilotonnes of CO₂ would be achievable through policy intervention. In addition, by analysing trends in agriculture since 1990, the baseline was revised to produce an annual 0.63 per cent business-as-usual reduction in emissions. That is additional to the policy effort. If that reduction does not happen, we will consider revision of our plans.

I hope that that was all crystal clear.

The Convener: It was quite long, cabinet secretary. I will let Stewart Stevenson come back with a brief question in response.

Stewart Stevenson: Having listened to the cabinet secretary's answer, it seems to me that there are three bits to the matter. The first is outputs from farming. You indicated that it is difficult to measure the climate-change outputs, so I am interested to know whether we have identified ways in which we can improve their measurement.

You also referred to inputs—in other words, the activities that farmers can undertake. I understand those more clearly, but I also want to know whether we understand their effect on the outputs. I wonder whether we have, if we cannot measure the outputs, fundamental difficulties and need to apply ourselves, or to commission others, to do more work to understand whether we can have meaningful and cost-effective outputs that avoid farmers moving, via being green, into the red, which we do not want.

Fergus Ewing: I am not certain that my scientific knowledge base is sufficient to equip me with the ability to provide an authoritative answer to that perfectly legitimate question. I will pass to Gordon Struth to have a stab at it to supplement what I say.

I should give credit and pay tribute to the work of contractors from the SRUC and the James Hutton Institute. We are fortunate to have the advice of world-leading expert scientists on the matter. The work that has been done has been shaped by experts as well as being informed by well-informed stakeholders, from whom I believe the committee has already heard. That is the correct approach to take to tackling some difficult questions, as we have helpfully established.

Gordon Struth (Scottish Government): It is a complex and difficult question to answer. The evidence base that we have is constantly being refined, which can lead to some big changes to the headline emissions statistics for Scottish

agriculture. For instance, between the 2013 and 2014 statistics, which were produced last year and the year before that, a reduction of around 2 million tonnes of CO₂ equivalent showed in Scottish agriculture's figures just by improving the science behind the figures.

A lot of that improvement was the result of a project called the United Kingdom greenhouse gas inventory platform, which was a four-year project that cost £11.5 million and involved institutions throughout the UK. It considered real farming practice and measured inputs and outputs on farms and research farms throughout the country. That led to revisions in what we assess as being emissions from livestock, slurry and nitrogen fertiliser. We are being told to expect, because of the constant process of improving the data, another reasonably significant revision when the statistics for 2015 are produced in June this year.

As the cabinet secretary said, in other sectors we can fairly easily say that so much carbon dioxide comes from so much energy input, but in agriculture there is a lot more room for variation. Basically, we just have to live with that.

Stewart Stevenson: I will ask a final wee question, if I may.

The Convener: Your question was quite long.

Stewart Stevenson: This one is very small, convener.

The Convener: It will need to be short, I am afraid, Stewart.

Stewart Stevenson: Will the change affect the baseline? Are we rebaselining as we understand better what is going on?

Gordon Struth: Do you mean, are we changing the—

Stewart Stevenson: Are we changing our view of what happened in 1990?

Gordon Struth: Yes; the revision has changed the figures all the way back to 1990—it has bumped the numbers around all the way back to then.

The Convener: That takes us perfectly on to Rhoda Grant's question.

09:45

Rhoda Grant: The drop in greenhouse gases since 1990 appears to be because of a drop in sheep and cattle numbers, which happened for financial reasons to do with subsidies, as much as anything else. As the cabinet secretary said in his opening statement, we still eat, so rather than a reduction, there may have been a displacement abroad from our industry. What actual

reductions—rather than displacements elsewhere—have taken place since 1990?

Fergus Ewing: I am not sure that that is entirely fair to cattle farmers, for example, who are producing the same amount of milk with a substantially reduced herd. That is being done through improved husbandry and health, and other measures. Rhoda Grant has probably heard the evidence before. You are right to say that cattle and sheep numbers have reduced, but output, for example in milk production, has remained about the same for quite a long period.

The question raises a fair point. There are four main drivers for reductions in agricultural emissions since 1990: the fall in livestock numbers that was referred to; the reduction in the amount of nitrogen fertiliser that is being applied, which we want to encourage; the reduction in the amount of land that is being converted from grassland to arable production; and improved efficiency. The improvement in efficiency is hard to quantify from the annual greenhouse gas inventory. We know that it has happened and we know that we get about the same amount of milk from fewer cows than there were in 1990. The development of emissions intensity figures—one of our policies in the draft plan—will help us with that in the future. People including Jim McLaren, Quality Meat Scotland and others are quite rightly pursuing such topics in a concerted and effective fashion. Have I covered the matter sufficiently comprehensively? Has Gordon Struth anything to add?

Gordon Struth: Do members know what “emissions intensity” refers to.

Members: No.

Gordon Struth: Emissions intensity is the amount of emissions per kilogram of beef or lamb, or per litre of milk at the end of the process. As the question noted, much of the reduction in agricultural emissions has come from a reduction in livestock numbers, which is not necessarily a good thing; it does not necessarily reduce global emissions unless people are eating less, which is not the case.

We want to quantify—it is one of the policies in the plan—those numbers. We want to see whether the numbers are coming down, which will tell us whether we are being more efficient rather than just getting a benefit from something else.

Fergus Ewing: I should also mention that there has been a big effort to recruit farmers through the climate change focus farms and events to promote our attempts to persuade farmers to consider measures. That is important and refers back to the SRUC’s role. Almost 1,000 farmers a year attend those events; they rate them highly and the outcomes seem to be reasonably encouraging.

That goes back to my opening remark about encouraging, cajoling and persuading rather than dictating, ordering, compelling and requiring. I submit that the voluntary approach is the correct approach to pursue. I hope that members agree; I will be interested to hear their views on that. Farmers have a lot to consider, particularly at a time of challenges in respect of the future of funding for farming. I will meet Andrea Leadsom tomorrow to press her on that matter.

The Convener: Rhoda Grant, do you want to come back very briefly on that answer?

Rhoda Grant: I can understand what you say about the dairy sector, but how do you reduce emissions and keep the same outputs in the meat sector? If you reduce the outputs, the chances are that you are only displacing. How do you reduce emissions and make that attractive to farmers?

Fergus Ewing: There is another way to look at it. I assume that we all support the provision of high-quality Scotch beef and lamb. If we stop producing beef and lamb, we will not stop people eating it—we will simply displace production to elsewhere.

Rhoda Grant: That is my point.

Fergus Ewing: I mentioned at the beginning that there is an emissions quotient in respect of all food. We should encourage farmers to continue to grow their herds but to have regard to various technical measures and the advice from SRUC, the James Hutton institute, QMS and other sources to improve the emissions intensity of their production. Gordon Struth can probably talk about those matters better than me—

The Convener: I understand that how to get more from less is important and is what farmers are constantly trying to achieve, such as by not having barren cows and by reducing the number of deaths in calves. It is a huge subject, which we could perhaps look at.

Rhoda Grant: We could perhaps get a written response on what advice is available to farmers on how to reduce emissions.

Gordon Struth: Yes, of course.

Fergus Ewing: It is an enormous subject. In my previous job, I came across the use of technology to improve the monitoring of animal health and help farmers to look after their livestock. The device was called CowAlert and enabled the measurement of cattle temperatures to detect those that were ill and displaying behaviour that was symptomatic of illness, without hard-pressed farmers—often with only one person employed on the farm, if that—having to spend all their time on visual inspection.

To answer Rhoda Grant's question, there is a variety of approaches. The use of innovative technology is key to best environmental practice. I hope that the committee has had the benefit of presentations—as I had at AgriScot, for example—from companies that are promoting best green practice by helping to persuade farmers that adopting modern technology can be greener and more profitable.

The Convener: That is such a big subject; I would be delighted to sit through it but I am frightened that we will be short of time. It would be useful if Gordon Struth could supply the committee with information on some of the innovative areas that could help farmers to reach targets.

Gordon Struth: I have just one brief point. A key metric in beef production is how long the animal is alive. If a farmer finishes them at nearer to 20 months than 30 months, fewer cows are used to get the same amount of beef and emissions are reduced.

The Convener: I will leave that topic, which leads neatly on to Gail Ross's question.

Gail Ross: The cabinet secretary has talked about encouragement and taking the sector along with us, rather than forcing farmers into change. How do we manage that culture change and get it voluntarily? What are the barriers to it? How is the Scottish Government showing leadership?

Fergus Ewing: Those questions are fundamental. There are several ways to approach this change. First, one must respect and recognise the fact that farmers are the custodians of our landscape and have given it its attractive, cultivated appearance. Were it not for cultivation for agricultural practice, we would have a very different and far less visually pleasing landscape.

Farmers are practical people and understandably sceptical about suggestions that they should suddenly depart from practices that have been pursued for generations. We must understand that; in a sense, it is a good thing. The main thing is to persuade and encourage.

Secondly, one should not try to change things too quickly, but should fit in with crop rotations and breeding systems. Farming practice cannot change in the same way as changes of productivity measures in a factory or other areas of the economy. It takes time; many of the changes need to be planned, not just a year ahead but further. We are building on generations of practice. The average farm has about 1.3 full-time equivalent workers; the average farmer is 58. Speaking as someone who is 59, I will not generalise about people's propensity to change as they get older, but perhaps it is more difficult to persuade them to new ideas than those of a younger age.

Average farm income has fallen to £23,000, so any change that requires farmers to spend a lot of money—particularly at a time when we are trying to get the farm support payments out through common agricultural policy information technology, as we have discussed for a not inconsiderable length of time—will be difficult.

One must take all those factors into account. We will not change the culture; we have to work with it. On the positive side, the information that I have is that good environmental practice can lead larger farms to savings of around £10,000 a year. Even hill farms can save £3,000 a year. Evidence has been submitted on that—I am not sticking with those figures, as they might be a little bit arbitrary, but they are indicative of what I said earlier, that good environmental practice is good business practice if it is applied in the correct scientific way, taking advice that in many cases is free or minimum cost.

Gail Ross's question seems to get to the nub of how we get the best outcomes, which I assume is what we are after in the work that we are doing to tackle climate change.

Gail Ross: Thanks.

John Finnie: Good morning, cabinet secretary. Your opening statement and the subsequent discussion have largely answered the question that I planned to ask about the draft plan. At 12 per cent, the agriculture sector has to achieve the smallest reduction of emissions of all the sectors. We have heard from witnesses that the agriculture sector may have got off lightly—indeed, Pete Smith of the University of Aberdeen said that. Could you say briefly why agriculture has been allocated the smallest reduction of emissions? Why are its targets not more ambitious?

Fergus Ewing: On the face of it, that is a fair question, but I think that it was Mr Smith who pointed out that the emissions of carbon dioxide are far less significant in agriculture than nitrous oxide and other emissions. One is not really looking to tackle CO₂ emissions, which has been the particular focus in other sectoral areas and other parts of the climate change plan.

The second point is that reducing emissions in how we produce our food is very hard to do. We have to live in the real world; if we do not, we will not succeed. If we advocate measures that are impractical and undeliverable, we are likely to fail.

Thirdly, we are constrained by our land and our climate. We obviously have prime arable land, but not a great proportion—about 8 per cent of Scotland. Much of the land can be used only for rough grazing, especially in such areas as the Highlands and Islands or Shetland, where I spoke to farmers on a visit on Monday. How we can and should use land is limited by the land and climate.

We cannot grow barley or wheat in upland hill areas that are suitable only for sheep, and so on and so forth. Those matters are not for me; they are for farmers, as the farmers on the committee will agree, I am sure.

The easiest way to reduce emissions from agriculture would be to reduce output, but, as I have explained, that would simply lead to more food being imported. That would not reduce emissions globally, but would simply transport emissions elsewhere; I would not have thought that anyone would wish to support that practice.

Does Gordon Struth have other aspects that he wishes to cover?

10:00

Gordon Struth: It would be well worth while flagging up a couple of other points. A March 2014 report by the US Environmental Protection Agency examined the technical potential of mitigation from agriculture globally and concluded that emissions from livestock could be reduced by 10 per cent and from cropland by 12 per cent. In other words, the opportunities to significantly reduce emissions from agriculture are very limited.

Another important factor with regard to the statistics and the share that falls on each sector is that the agriculture section does not include a lot of things that farmers are already doing on the plus side of the balance sheet. For example, peatland restoration, forestry and the generation of renewable energy are all major agricultural activities that are not counted. It is worth noting that, as a whole, land use in Scotland is at about net zero emissions at the moment, and with 70 per cent of the land in Scotland given over to agriculture, the sector is obviously playing a very big part on that side of the equation. It just does not come through in the statistics.

The Convener: John Finnie has a brief follow-up.

John Finnie: Pages 142 to 149 of the plan contain five tables that set out policy outcomes over time with regard to agriculture. Each of the tables just repeats a set of unquantified statements, and that stands in stark contrast with, for instance, the transport sector, which has specific targets for each year that mean something. Will you commit to looking at that issue in the draft plan and coming back with more specific and measurable policies?

Fergus Ewing: We are obviously happy to—and will—look at any areas that the committee might indicate we could make further progress on. I happily undertake to do what the member has suggested, and if we can come up with anything more specific, that will be a positive step.

I have found the quote that was in my cranial area from my early morning research. It was indeed from Pete Smith, who simply said:

“Agriculture is a more difficult sector to decarbonise because greenhouse gas emissions other than carbon dioxide are involved.”—[*Official Report, Rural Economy and Connectivity Committee*, 1 February 2017; c 30.]

He then goes on to make many of the points that I have already highlighted about nitrous oxide and methane being components and the fact that it is more challenging to reduce those emissions. I had actually made the same points without necessarily having located the quotation, but I have now done so.

The Convener: Cabinet secretary, I should say that we have that quotation in our briefing papers—

Fergus Ewing: Right. I thought that it was a very good one.

The Convener: It was certainly interesting.

Fergus Ewing: I have got others.

The Convener: We probably have those, too, so we thank you for not repeating them.

Peter Chapman has a supplementary question.

Peter Chapman: Cabinet secretary, you asked for the committee’s opinion, and I can certainly tell you mine: I think that a collaborative rather than compulsory approach is absolutely the right way to go. It is very important to stress that cutting down CO₂ emissions is actually a good way of saving money on the farm; the two things go hand in hand. If we keep stressing that, we will, in my opinion, get buy-in from farmers.

My supplementary has pretty much been answered. I was going to say that a 12 per cent reduction might look small but, as Gordon Struth said in his answer, farmers are planting trees, putting in wind farms and carrying out peatland restoration work. Why is that not part of the equation? Why has that not come into the calculation? I feel that we are being somewhat unfair if we ignore that part of the agricultural equation as far as greenhouse gases are concerned. The point has probably been answered, but I just wanted to make it.

The Convener: Do you wish to make a brief comment on that, cabinet secretary?

Fergus Ewing: I do not know whether I have replied in this way to Mr Chapman in this parliamentary session, but I have to say that I totally agree with what he has just said. The points were well made by Andrew Bauer—I will not quote him, because you do not want me to. Nevertheless, the point has been absolutely well made that farmers are doing a lot of other things in, for example, forestry, peatland, environmental

works and, of course, renewables. Indeed, in places such as Orkney and the north-east, a very substantial number of farmers have invested in renewables, and it is a tragedy that the UK Government has removed support for renewables, such as feed-in tariffs and renewables obligation certificates. That process was really starting to motor on, and what a tragedy that that support was removed.

However, I agree with Mr Chapman that all these other matters need to be factored into the contribution that farmers are making with regard to climate change, and I was very pleased that Andrew Bauer of NFU Scotland made that very point. I am sure that the committee will want to reflect on how we might give farmers credit for that in the agriculture section of the climate change plan, if we do not already do so.

Can you add anything, Gordon?

Gordon Struth: We can do so. It is simply a case of deciding where to draw the lines in producing statistics. That is what we do, but we can certainly produce a side note that explains the contribution that agriculture makes in those ways.

The Convener: I am happy to move on.

I have a question about soil. We have heard a lot of evidence about the requirement to keep soils healthy, and we are thankful for the letter that you made available to us on that.

There has been talk about making soil testing compulsory, sooner rather than later. I favour your approach, although perhaps it is dangerous that you have agreed with Peter Chapman and I am now agreeing with you.

Nevertheless, will you explain how, if soil testing was compulsory, it could be implemented if farmers did not buy in to it and in light of the variability of monitoring soils? For example, if a person puts lime on today and there is bad weather tomorrow, it might have not have the same effect. Is there any way in which soil testing could be made compulsory, or are you wedded to the idea of a voluntary approach and taking farmers along with you?

Fergus Ewing: I suppose that it would be possible to make soil testing compulsory by regulation but, were we to do that, we might see the opposite consequence to that which we all wish to see. We all wish to see a reduction in emissions but, to reduce them, we need to persuade farmers that that is a good thing to do for both the planet and the pocket.

We very much agree, and I appreciate that because we do not need to disagree all the time about everything in politics. That is encouraging.

We are not starting from a standing start. A great many farmers already see the sense in soil testing, and a great number or cohort are already adopting it because they have discovered that it is good business practice and that it does right by the environment. I do not know any farmers who want to trash their farm and the environment; indeed, quite the opposite is the case. As a farmer in Perthshire put it, they have to wake up and look at their farm every day, and they care about it more than anyone else. One must always bear that in mind. A person such as me—I am a humble lawyer from Glasgow—is not particularly well placed to start to dictate to farmers and expect them to do anything other than say, “Well, thank you very much and good night.”

I think that the voluntary approach is correct. Let me give some figures. According to the “Scottish Survey of Farm Structure and Methods, 2016”, 30 per cent of holdings with grassland had tested soil in the past year and 64 per cent of holdings had tested soil on their other land. It is unlikely that those farmers meant that they had tested all of their improved land. The “British Survey of Fertiliser Practice: Fertiliser Use on Farm Crops for Crop Year 2015” showed that only 34.7 per cent of tillage and 8 per cent of grassland had any sort of pH test performed on them.

Roseanna Cunningham has made a valid point. Why would a person apply nitrogen to soil without knowing the pH? What is the point of applying lots of extra nitrogen when it is not required? If a person does not know what the pH level is, how will they know that they are applying the right quantity? That was a very practical exposition of the case for testing.

For those reasons and others, I believe that the voluntary approach is correct. I believe that precisely because it is more likely to lead to a better outcome, and farmers are already taking it up.

I will make a final point before I pass over to Gordon Struth to see whether I have missed anything. My impression is that the best person to persuade a farmer to do something is perhaps another farmer on a demonstration farm or monitor farm. Those developments are very encouraging, and there is lots of consideration about such matters. That is already happening, and we are encouraging the further take-up of a process that has now started to be seen by many farmers as the right one.

Gordon Struth: You have covered almost everything that I would have said, but I will add one thing that it is very important to remember. Soil testing in and of itself does not reduce emissions; it is what the farmer does afterwards that reduces emissions.

We have realistic mechanisms. We could force farmers to test, but we could neither force them to do anything with the result of that test nor could we force them to test well. As you recognised, the variability in climatic conditions can lead to differences in the results.

The aim of soil testing is to get farmers to know their pH level and to understand that they may lose money by applying nitrogen fertiliser. The next stage of improving their pH level is something that, realistically, we would never be able to make them do. Therefore, it is important not to alienate farmers and not to make them feel as though soil testing is being forced on them.

The Convener: Before I pass over to Stewart Stevenson, I observe that—this has not been mentioned—soil structure and nutrients cannot be changed overnight; farmers will have to do that over time.

Stewart Stevenson: I think that my issue comes into the category of, “That’s all very well, but”. The figures that the cabinet secretary has provided to the Environment, Climate Change and Land Reform Committee show that 26 per cent of arable soil and 27 per cent of grassland soil meets the pH target. Clearly, there is more to be done. Given that we have established under pillar 2 support that it is right to reward farmers for particular behaviours, is there scope within such an approach to try to up the ante? The figures of 26 and 27 per cent—if I understand them as a non-farmer—do not sound terribly encouraging. At this stage, we certainly should not—perhaps the minister would wish to, but I suspect that I would not—move to penalties, but perhaps we should consider doing so in the longer term if things do not change.

The Convener: I think that the question is about grants for soil testing, cabinet secretary.

Stewart Stevenson: Possibly.

Fergus Ewing: I am not going to commit to spending any more money on anything. Sorry about that, but that is my answer.

We must also bear in mind that the overall funding support mechanism is complex enough. I spoke to Scottish Agronomy yesterday and I have spoken to the NFUS recently. An issue that just about every farmer—no matter what they do—agrees on at the moment is that the current system is too complex. Whatever else happens, we must bear that in mind. Of course we want to be as helpful as possible to enable take-up, but if it is a profitable activity to undertake a soil test as a precursor to adopting improved practices—and I have been persuaded in principle that that is the case, perhaps not for every farmer, but for many farmers—one should conclude as a steward of public money that grant finance should not

necessarily be disbursed to support it. I am just talking in general terms; we are not ruling anything out. We are not starting from zero; we are starting from quite a large base, and it seems to me that there is a good prospect over the next few years of persuading a substantial number of farmers to increase their uptake of soil testing.

I have gone over this line of encouragement rather than direction quite a lot recently with various farmer audiences. I am convinced that that is the best way to achieve our objectives. Were we to go down a different route, that would be likely to have the perverse result of making things much more difficult, creating a lot of resentment and perhaps even further opposition to what we are trying to achieve.

The Convener: I think that you said in your letter to the Environment, Climate Change and Land Reform Committee that you would review soil testing in 2023—I hope that I have that correct. Will there be a trigger point before that date if you do not see sufficient change in the industry, or are you happy to review it at that date?

Fergus Ewing: I would be very happy to serve another term and to review it at that date.

The Convener: In your letter, you suggest that the phased approach will continue to 2023. We could discuss that issue, because that approach might not be helpful.

Fergus Ewing: To be serious, it is perfectly reasonable—

The Convener: Is there a trigger point?

Fergus Ewing: I do not think that a trigger point should be set at the moment. It would be a bit silly to say, “Let’s work with the grain; let’s get buy-in” and, at the same time, to say, “By the way, if you don’t buy in and you don’t do what we want, we’re going to hit you over the head with regulations in three or four years.” I do not think that that would do anything other than be seen as inimical to the voluntary engagement approach.

The Environment, Climate Change and Land Reform Committee has, quite fairly, pursued that point as well and I will be replying to it very quickly. However, I do not think that we should say that on the one hand we want to work with the farmers, but on the other hand that if they do not do what we want we will tell them what to do. That just does not make any sense, and for that reason I will not support a review before 2023.

10:15

The Convener: Peter Chapman has a quick follow-up question.

Peter Chapman: I want to clarify the issue of soil testing. We have to recognise that that is only

applicable to arable soils and improved grassland. The vast bulk of Scotland is severely disadvantaged hill ground that does not receive any fertiliser at any time, so there is no need to test the soil there. It is the better-quality land that should be tested. The fact that there are big chunks of Scotland where soil testing does not apply needs to be recognised.

The Convener: I am happy for the cabinet secretary to acknowledge that statement, and I ask Peter Chapman to move on to the next question, which is about tenant farmers. I am conscious of the time.

Peter Chapman: Tenant farmers have been particularly targeted in the plan. Why is that necessary? Why did you feel that we need to speak particularly about tenant farmers in this context?

Fergus Ewing: For obvious reasons, tenant farmers, who do not necessarily get all the benefit of investment that they make into their farms, will be less inclined to make a capital investment of any sort, because the return may be shared between them and their landlord. There is that very basic factor to bear in mind. I am determined not to leave tenant farmers behind in any way. We must consider how we can help them to avail themselves of the same opportunities that owners have and to be reasonably compensated for so doing. Of course, that relates to other matters that we are not directly concerned with today, namely the law of agricultural holdings and the reform thereof.

The measures that we want are good for profitability, but they require initial investment that will be paid off in the following years. We think that tenant farmers can be discouraged from implementing those measures because they fear that their tenancy may end before the benefits arise. That is a perfectly understandable and, indeed, prudent business consideration for a tenant farmer to bear in mind before they make any investment.

We will continue to work with the Scottish Tenant Farmers Association, whose annual dinner I am looking forward to attending on Saturday at the excellent Huntingtower hotel. In the course of that pleasant dinner we will explore how best we can help tenant farmers to avail themselves of the manifold opportunities under the climate change plan.

The Convener: I am smiling because I am sure that mentioning the name of that hotel and who is hosting the dinner will not get the cabinet secretary any more free drinks—I am sure that they will be free anyway.

Peter Chapman: Does the Scottish Government have any plans to deal with the long-

term challenge of ensuring that soil fertility is factored into the short-term nature of tenant farming? There is an issue there, as the cabinet secretary rightly pointed out, but are there any plans in place to address some of that perceived imbalance?

Fergus Ewing: We have just come up with the draft plan. I want to emphasise to the committee that it involved a huge amount of work by all cabinet secretaries. It involved almost the whole of the time in the first week back in the parliamentary session and a lot of previous time. I am determined that tenant farmers should not be left out, but it is a difficult thing. It is inherently more difficult to see how tenant farmers can be encouraged readily to take up the measures, for the reasons that I have identified. That is precisely why I need to hear from them about how best to pursue the matter and what the best options are to encourage them.

The Convener: I think that it is fair to leave it there—we will see some changes in the waygo valuation that will allow tenants to claim for the work that they have done for the soil, or to be held accountable if they have taken nutrients out of it.

Richard Lyle (Uddingston and Bellshill) (SNP): Policy outcome 3 is:

“Work with Quality Meat Scotland and others to reduce emissions from red meat and dairy”.

How do you expect that work to reduce emissions? Quality Meat Scotland does not cover the dairy sector; do you have plans to improve emissions intensity in the area?

Fergus Ewing: I recently had the pleasure of attending one of Quality Meat Scotland’s board meetings. We will continue to work closely with QMS and others to reduce emissions from livestock farming. QMS is resolute in its focus on improving the efficiency of production. The quality of Scottish beef and lamb is one of Scotland’s strengths, and QMS does a great job in promoting the products.

QMS is pursuing a number of initiatives. For example, the monitor farm initiatives are the perfect way to demonstrate best environmental practice, and I am encouraged by the number of visitors to monitor farms around the country; interest is enormous. As I learned at lunch yesterday, at said hotel, Scottish Agronomy, which is a co-operative of I think about 100 cereal arable farmers, has had an equivalent measure to monitor farms since 1990—or the late 1980s, or thereabouts. In other words, as I have said, the best approach is for bodies such as QMS to work closely with different types of farmers to encourage the take-up of best practice.

On policy, this year we will publish emissions intensity figures, now that we are all acquainted with the concept of emissions intensity—a concept with which we might not have been too intimate in the past. The figures will be published for beef, lamb and milk. By working closely with QMS, livestock producers and the Scottish Association of Meat Wholesalers, which does a good job, we will encourage improved emissions intensity through genotyping, improving fertility, reducing mortality—Gordon Struth referred to that—and improving farm management practices.

The Convener: Did you respond to the question about dairy? I apologise if I missed that.

Fergus Ewing: I did not answer that. I am sorry. Perhaps Gordon Struth will comment.

Gordon Struth: A lot of our policies are of benefit to dairy farmers, such as our policies on soil, getting the most from grass, livestock health, and slurry and manure management. Two of our climate change focus farms are dairies. The dairy sector has been delivering year-on-year efficiency improvements for a number of years, and we can learn a lot from the sector that we can share with others.

Richard Lyle: I was impressed to learn from the cabinet secretary that we have fewer cows but farmers are producing more milk. How is that?

Gordon Struth: The animals are simply more productive; we get more milk out of them. That is the result of selective breeding from generation to generation. A lot of that is based on recording the milk yields of animals, identifying the good genetic lines, on the bull side as well as the cow side, and then carefully breeding up the good lines. There has also been a lot of work on livestock health, to tackle big problems in dairy, such as mastitis, which has led to the sector making improvements every year.

Richard Lyle: That is interesting. Thank you.

Gail Ross: Cabinet secretary, a recent report found that take-up of the beef efficiency scheme has been relatively low. What do you hope to achieve from the scheme? Why has take-up been so low, and what can be done to encourage farmers to participate? Will the scheme be open to applicants this year?

Fergus Ewing: The beef efficiency scheme is in its infancy. It is an agri-environment measure in the Scotland rural development programme for 2014 to 2020. The take-up figure is just over 2,000, which might sound low, as you said, but I think that the applicants cover around half the total Scottish herd. Plainly, it is the farmers with larger herds who have tended to apply and who more readily see the scheme's benefits. One can understand how that might be the case. From an

emissions point of view, it is the number of livestock in the scheme that counts; the more cows there are in the scheme, the better the potential for emissions reduction.

It is still early days. With regard to the impact on climate change, we think that the scheme will drive reductions in greenhouse gases from the livestock sector. I have the practices here; as Mr Chapman probably understands them better than I do, I will not go into them or read them out, but I note that they are all designed to generate reductions in the amount of greenhouse gases as well as to improve productivity and efficiency.

Undoubtedly the best way of ensuring greater take-up of the scheme is the success of the first cohort of applicants who have gone through it. As for the question whether there will be a further round, we are obviously looking at the matter, but I tend to have discussions with the farming community, particularly with the NFUS and the Scottish Crofting Federation, before we reach a decision instead of simply telling them about it after we have made it.

I want to get a very clear understanding of the facts. As I have said, it is still early days; the tags are all out to applicants, and the NFUS has sent a business guide update for January. Given that, it is probably sensible to get a good take on how matters are going before we make any further decisions. I hope to do that fairly soon, and I am, of course, happy to keep the committee informed about the matter if it so wishes.

The Convener: I want to ask a quick follow-up on the crofting areas bulls scheme, which, in providing bulls to crofters in the Highlands, has been useful and important. Is the scheme increasing the standard of livestock on crofts, and how are you measuring that to ensure that they, too, are playing their part in reducing greenhouse gas emissions?

Fergus Ewing: Over the years, the crofting areas bulls scheme has been the subject of much debate and consideration in this place—and for good reason. Obviously it has performed a very important function for livestock and cattle owners in the islands, particularly the Hebrides. However, although it is a very important scheme, I have not looked at it from this point of view. Unless Gordon Struth has at his fingertips details of the emissions impact of the crofting bulls scheme, we can undertake to come back to the committee on what is a perfectly reasonable question.

The Convener: It would be helpful to know whether the bulls are helping crofters to get the best from their cattle and therefore to do the best for the environment, but I will just leave that issue there.

John Mason will ask the final question before we take a break and move on to forestry.

John Mason (Glasgow Shettleston) (SNP):

One of the pages that I liked in the plan was page 139, which is headed “Wider impacts”. In the section with the subheading “Adverse side-effects to be managed”, paragraph 14.4.6 says:

“Improved profitability could encourage greater intensification in farming, with resultant negative impacts on biodiversity. This is not expected to happen, but it is a possibility.”

Do you think that there are real risks in that respect, or are you totally relaxed about it?

Fergus Ewing: I am sorry, but I did not quite understand the question.

John Mason: I was asking about paragraph 14.4.6 on page 139.

Fergus Ewing: Do you want to take that, Gordon?

Gordon Struth: I suppose that I should answer it, because it is about my analysis.

We were trying to consider not only all the wider potential benefits, of which there are clearly many, but the risks. One of the generally identified risks in trying to drive farmers towards greater efficiency is that they push their land harder, and there could be negative consequences in that respect that—we would hope—would be offset by our other pillar 2 arrangements, our environmental regulation and so on. What you have highlighted has been identified only as a risk instead of something that we expect to happen, but we are keeping an eye out for it.

As an example of the sort of thing that can happen, if farmers were to improve grassland in high nature value farming areas, it would lead to a reduction in biodiversity in the grasses. Such risks could arise, and we are keeping an eye on the situation, but we have not assessed them as being likely to arise.

The Convener: I think that that concludes our questions on agriculture. I briefly suspend the meeting, but I ask committee members to stay seated while the cabinet secretary’s support team is adjusted. I should also thank Gordon Struth for his help and evidence this morning.

10:30

Meeting suspended.

10:31

On resuming—

The Convener: We will move on to discuss forestry. The cabinet secretary has been joined by

Jo O’Hara, who is head of the Forestry Commission Scotland, and whom I welcome. The first question is from Richard Lyle.

Richard Lyle: At the weekend, I had the enjoyment of going through Aberdeenshire—Aboyne, Banchory, and Ballater—and some of the lovely forests that we have in Scotland. We have 1.44 million hectares of woodland, which accounts for 18 per cent of the total land area. Trees absorb carbon dioxide and store the carbon as organic matter, such that they act as negative emitters of greenhouse gases, so it is not rocket science to know that we need to plant more in order to help. Why are we not encouraging more planting? At some of the forests that I went by, I saw land that could be planted. Why is that not happening?

Fergus Ewing: A lot is happening to achieve our targets. Convener—I have prepared an opening statement that covers all that and sets the context, but I am happy just to—

The Convener: We will push on with questions, cabinet secretary. Then, if there is anything that we miss that would have been in your opening statement, you can bring it up as a closing statement.

Fergus Ewing: Okay.

I am absolutely determined to achieve the targets. They are stretching, but targets should be stretching. They are also stepped: the current target is 10,000 hectares a year, which will increase to 15,000 under the stepped approach. I think that the committee has the details of the step up, which will start to apply from the beginning of the next decade.

We are doing a huge number of things to ensure that we achieve the targets. Since 2013, we have achieved an average of 6,800 hectares a year. The target is 10,000, so that is 68 per cent—better than the examination marks that I got in most of the subjects that I did at school. We are not starting from a fail, but we have not done well enough—let us not beat about the bush on that. That is the starting point.

What are we doing? We are doing a load of things. First of all, at my instigation, we have increased the amount of money to be spent on grants. That is important. The amount has gone up to, I think, £34 million.

Secondly, we are streamlining the approval process through the Jim Mackinnon report. I was delighted that his report has got buy-in from across the spectrum of interests and that no one considered it to be in any way skewed towards one group. He is a former chief planner in the Scottish Government, so he comes from a position of authority and knowledge.

Thirdly, we have published a delivery plan and work streams are progressing to deliver it. How will that help? Sometimes, especially for larger forestry, the process takes a bit too long—in some cases, horrendously so. However, in defence of Forestry Commission Scotland, the averages are quite good—Jo O'Hara can cover them—and we want them to increase.

Fourthly, as I announced only on Monday, we have included an additional £5 million in next year's budget to address the timber transport challenge. That will help in difficult inaccessible areas in the Highlands, in particular. That funding is not only for roads, although I guess that it will be used primarily for roads. There are also many schemes for rail access or marine access—I can give lots of examples, if members wish. In some areas—Ardnamurchan, for example—it is very difficult or impossible for forestry lorries to use single-track roads so we need to consider a marine solution.

We also have a specific and concerted plan for working with sheep farmers and a separate one for crofters. We are also doing work through the conservancy areas. I met Keith somebody from one of them—I think, the Stirlingshire one.

Jo O'Hara (Scottish Government): It was Keith Wishart from the central Scotland conservancy.

Fergus Ewing: He informed me about an excellent scheme. I will share it with the committee because it is good to put on the record evidence about the work that is being done on the ground to address Mr Lyle's apposite question.

Forestry Commission Scotland has secured the services of experts in land management to visit individual farmers to inspect their farms with a view to ascertaining, and giving advice about, which portions of land may be suitable for woodland creation. After an inspection, going round the farm with the farmer, they have a discussion, probably in the farmhouse kitchen. Take-up by farmers from that direct approach—I do not want to give you the figure, although I know what it is—is one that any salesman would dream of. We would expect that to be the case because, to persuade a farmer to do something, it is necessary to show the farmers that they understand the facts and the farm, having gone round the farm and identified areas that are appropriate for silviculture and then discussed finances, feasibility and practicalities.

Practical schemes such as that are what drive me forward, as cabinet secretary. Therefore, I have asked every conservancy area to consider whether it wishes to undertake such a scheme, if it is not already doing so. Farming and forestry used to be considered almost as opposites and, in

some cases, there was an element of antipathy. Our proposition is that they can be complementary and that afforesting not the whole farm but a proportion of it allows for certain benefits, including financial business benefits, diversification, long-term investment and improved environmental performance.

We are doing all those things, and we have had two forestry summits—one in the south of Scotland and one in Boat of Garten in the Highlands—to bring people together. I have also met the trade union representatives of Forestry Commission Scotland staff because I want to give absolute assurance that we will need, if anything, more people to work in the sector, rather than fewer. I have also been working with non-governmental organisations and environmental bodies—Jo O'Hara has been doing a great job, in that respect. We have also been working on how the private and public sectors can work together, and on promotion of community ownership where appropriate, which we want to encourage.

The key to all that work is collaboration. I am satisfied that we have set a new positive tone that has energised the sector. If I may, I will pass the question to Jo O'Hara. Perhaps she will remind me of the statistics—which have absented themselves from my cranial area—about the results that we have already.

The Convener: Before that, Richard Lyle has a follow-up question, which it might be helpful to launch at this stage, so that Jo O'Hara can answer it, as well.

Richard Lyle: I will be very brief. You anticipated my next question, which is about how much encouragement we are giving people to look at the land that they own, and land that might become available through the Government. Is it correct to say that you are actively going out to encourage people to start planting?

Fergus Ewing: We are doing a massive amount.

Jo O'Hara: In reflecting on the cabinet secretary's point, I say also that it is not down just to the Government or to my team of 50 or so woodland officers. There needs to be a concerted effort across the piece, so we are working with Confor members and with agents to encourage farmers to plant. If we are at an agricultural show at which we identify opportunities, agents can follow them up and go and speak to farmers.

We are also listening to what the farmers say. For example, last week, we had a piece in *The Scottish Farmer* saying that people who are looking at their land and thinking about the future should think about what role trees can play and what grants we can offer on that. We have had very good feedback on that piece.

There is a broad church of activities; the cabinet secretary gave the example from central Scotland of the sort of thing that we do.

On the subject of my guys, there are not enough of us. We cannot do all that with all 33,000 farmers across Scotland. A broad-based approach is needed, which is exactly what we are trying to achieve by working with the National Sheep Association, the NFU Scotland and others.

The Convener: I would like to ask a follow-up question on that. Some farmers will consider relatively small-scale schemes. My experience tells me that the smaller the scheme and the bigger the consultation, the higher is the cost and the more difficult the process. Are you addressing that? I do not want to take away from Peter Chapman's next question, which I think will be on the Mackinnon report, but could I just have confirmation that small schemes are up for grabs as well?

Jo O'Hara: Yes—small schemes are included where they are appropriate, but we have targeted areas of 10 hectares or more. We think that areas of that size are best for farmers, because not only do they get agronomic benefits in terms of animal welfare, shelter and health and, potentially, benefits related to water and carbon, but at that scale they are likely to get a better crop, at the end of the day. In areas below 10 hectares, the edge effects are so great that the trees that they grow are potentially not so good for timber.

In the work that we have been doing with the NSA and the NFU, we are focusing specifically on 10 hectare to 50 hectare blocks, because we think that that is the right way to go. For very small areas, the fencing costs are so high that the bang for the buck is quite small. Small schemes are still in there and are appropriate in some cases, but we are mainly looking at areas of 10 hectares plus.

Peter Chapman: I am delighted that we are pushing forward on the issue. One of the big blockages to more planting has been the perception that it is very difficult to apply for grant—that there is a lot of red tape and that a huge cost is involved just to go through the process and get permission to plant.

I very much welcomed the recent Mackinnon report. I would like to hear the cabinet secretary's comments on that. How quickly will you take forward the useful targets in Jim Mackinnon's report and his recommendations on how we could simplify the process?

Fergus Ewing: Thank you. I appreciate those sentiments, which I entirely share. Jim Mackinnon's review was warmly welcomed by the forestry sector. He set out 20 recommendations, all of which we accept in principle. His report was

published in December 2016. A delivery plan that is composed of a series of work streams was published on the 10th of this month, and it includes a timetable. A delivery group whose members are from the forestry industry and environmental bodies has been set up to implement the recommendations, which I think is prudent and sensible.

Like Mr Chapman—and, I suspect, everybody else—I felt that we needed to get on with that, and that we needed to do so quickly. The issue is complex and involves many factors. Jim Mackinnon's report identified the causes of perhaps unnecessary delays and complications in the process. His 20 recommendations, which the committee will have seen, have been extremely warmly welcomed, as have his presentations of the report.

10:45

The current approval times for woodland creation are 16 weeks on average, and 12 weeks for forestry grant scheme applications that do not require a 28-day consultation period. That is good, and it is important that I do not, by implication, trash the reputation of conservators and others who are working hard—many of whom I met recently at an event at Silvan house. They are doing a great job, but we think that a better job can be done. Many of the problems that are encountered are not to do with them. Whether it is for a new housing development, a wind farm or a forest, the quality of an application must be high; it must be well prepared by professionals, but it is not always the case that they are. We should not just assume that it is always the public sector that is slipping up and should be criticised or found to be at fault in some way, because that is most certainly not the case.

Also, many other bodies, including statutory bodies such as Scottish Natural Heritage, have a role to play. We must make sure that they all those bodies play their role and do their job in an effective, speedy and timeous fashion. I am absolutely determined that that is what will happen.

The complex cases, in particular those that involve areas of more than 500 hectares and which entail environmental assessments, can take much longer to process, as the convener indicated. They were the main focus of the review, because it is plainly the case that if we are to achieve the target, large projects need to go ahead, as well as the welcome developments that are on a more modest scale. Jim Mackinnon's recommendations focused particularly on larger and more complex schemes—which might, for example, involve elements of controversy with communities—because such schemes are where

delays have occurred. His report will make a substantial difference, primarily because of the very warm reception that it appears to have received.

Jo O'Hara might have something to add.

Jo O'Hara: Today, all my conservancy staff are at a meeting to go through the delivery plan and set up the work streams for it—I could not be with them because I am here—and the first meeting of the delivery group including external people will take place on 3 March, so we are cracking on with things. We will be able to implement some of the recommendations very quickly, but others will take a bit more working through because of concerns that have been raised by the sector. Everyone is behind the direction of travel and the outcomes, but we will need to work on the detail and decide what is best when it comes to timing and the method of implementation. We in Forestry Commission Scotland are very focused on that at the moment.

Peter Chapman: That is all very positive, but do you have any comment to make about the recent opposition to the increased planting targets that was voiced by the Scottish Gamekeepers Association and Mountaineering Scotland?

Fergus Ewing: I noticed the publicity around that, which stretched over two days. The first half of it related to the joint statement by the two bodies, and the second half of it was criticism of the joint statement by members of one of the bodies, so it did not seem to me that there was choral singing from the same hymn sheet—or even the same hymnary. I understand that the SGA and what was formerly the Mountaineering Council of Scotland did not oppose the targets in themselves; they were concerned about tree planting on moorland.

We have received support in principle for our plans from a wide range of stakeholders from the private and environmental sectors—for example, we have received support from Confor, which represents many of the business bodies in the timber sector, from the Scottish Wildlife Trust and from the NFUS. We have had quite a lot of buy-in across the board on the general targets.

In addition, of course, in its report last year, WWF said that it is indisputable that more trees need to be grown in the UK if we are to meet our needs and that, if we do not, by 2050 80 per cent of our timber needs will have to be met using imported timber. Were that to occur, it would be a staggering indictment of failure; I am determined that it will not occur, as far as this part of the UK is concerned.

In conclusion, woodland creation needs to be taken forward in a sustainable way, observing good silvicultural practice. We are not short of

moorland; there is a lot of it. It is a matter of balance, the right approach, and the right trees in the right places. We do not want to take a doctrinaire and generalised approach, because such an approach does not work with forestry.

The last point I want to make is that there will be no going back to the bad days of planting serried ranks of Sitka spruce across deep peatland, which understandably aroused strong opposition. It could not happen now, incidentally, because of the approved FCS accreditation scheme and for various other reasons that Jo O'Hara could explain far better than I.

There is sufficient room in Scotland to achieve our targets and to see the interests of those who like to go to the hills and of the gamekeepers whose work I very much support continue to be taken into account successfully and professionally.

The Convener: The SGA and Mountaineering Scotland will feel a bit more confident that there is a balanced approach.

Jamie Greene (West Scotland) (Con): The cabinet secretary mentioned the three key areas for improving planting—increased budget, the approval process and the delivery plan—and it seems to me that those three should work together. I welcome those ambitions, as I do the targets.

My concern, however, lies with the budget that has been allocated to planting, and I wonder whether we might delve into those numbers a wee bit and look at how we will achieve the targets. For example, the cabinet secretary mentioned Confor and the committee has received quite a lot of evidence from Confor. Its analysis of the budget leads us to believe that achieving the 10,000 hectares per annum target would require a budget of approximately £45 million, a 13,000-hectare target would need £59 million, and so it would go on up to the 15,000-hectare target. Given that there is £40 million in the 2017-18 budget, where will the additional funds come from that will allow us to hit the target? It seems that hard cash really will be required to hit the targets.

Fergus Ewing: That is a fair question, which I will answer thus. During our previous outing as a duo of witnesses being grilled by this committee, Jo O'Hara pointed out that the problem in the past was not lack of money or insufficient budget but the lack of availability of suitable applications. It is a chicken-and-egg situation; that is recognised.

During the past nine months, we have created a clear sense in the industry that the Scottish Government fully supports a moderate and balanced policy of more forestry according to good silvicultural practice. That has really been taken up. I do not have the figures for the take-up rate in

front of me; perhaps Jo O'Hara will look them out and bring them in.

The question about the figures that Jamie Greene gave is important and I want to address it. I do not think that there is a perfect answer or a magic number. We have to reflect the grant to the likely availability. If we have 50 per cent more grant than applications, that does not, in itself, achieve very much. We have increased the £34 million budget to reflect the forecast increased demand for grants. However, in addition to that, planting will be carried out by Forest Enterprise on the national forest estate, which does not claim grant. In other words, some of the planting that will go towards meeting the target will be done by the public sector without the requirement for a grant. That is one factor.

To date, managing the estate has involved small, discrete purchases and disposals of appropriate land and forests, and that careful approach will continue. We should also consider how to make best use of the resources that are realised from such sales. Under the previous grant scheme, the average cost of woodland creation was £4,500 but, to make my second substantive point in response to Mr Greene's question, we expect the average cost per hectare to reduce as the average size of scheme increases and more productive schemes that receive lower rates of grant come forward. It is about economies of scale. That is the way these things go and the way they should go.

There was 1,300 hectares of new planting in the latest Forestry Commission approval round, which was approved at the cost of £3,846 per acre.

Jo O'Hara: Hectare.

Fergus Ewing: Per hectare, sorry.

The Convener: I was going to say—that would have been expensive.

Fergus Ewing: That is why I have officials. Officials correct ministers—that is their job. They praise and correct ministers; it is a twin role.

I allude to the timber transport fund as, plainly, trees cannot be felled if they cannot be accessed. If they are landlocked—that is a particular problem in the Highlands—they cannot be felled and that is worse than useless, because windblow makes it impossible, or very impracticable and much more expensive, to extract the trees. The timber transport fund increase, although it is not colossal, has been welcomed by the industry as playing a part in the overall task that we face. I want to ensure that we have as much available funding for planting as possible, and to make the cost of planting as efficient as possible. In future spending reviews, I will argue our corner there anent.

Jamie Greene: Thank you. It is very helpful to understand that the calculation was made on an estimate of £4,500 per hectare and that, if the cost comes down, the equation changes so we get more for our money. I appreciate that.

Will we receive a further written submission—I am happy for that to be after the meeting—on the 10,000-hectare target? What are your forecasts for that target with regard to what element of the planting will be grant funded and what will be publicly funded? I was unaware of the public funding prior to today. That would be very helpful.

Jo O'Hara: I would be happy to do that. One other technical point is that the grant that we pay is spread over a number of years, so the amount that we pay out in year 1 is only a proportion of the cost. As we have had two years with low levels of planting, the total money that we need next year is not the full amount of the grant for the 10,000 or 9,000 hectares—or whatever area of planting that we achieve—and it is just the first instalment. In terms of budgeting, we do not pay all the money up front in the year that it is claimed. That is another factor to take into account.

The Convener: The planting last year was 4,500 hectares, which means that it would be less than the overall total. If you are going to supply that to the committee, which would be helpful, the timescale—by the end of next week—is very tight. Can you comply with that?

Jo O'Hara: I will do what I can.

The Convener: I would appreciate that.

Jo O'Hara: That is about how we have come to a balance between private sector and public sector planting for next year.

Fergus Ewing: It would be helpful to have a little note of the requests as they are now mounting.

The Convener: The clerks will definitely write to you, cabinet secretary.

Fergus Ewing: We do not want to take up too much of Jo O'Hara's time.

The Convener: Absolutely—we will write to you.

John Mason: One of our witnesses made the point that everything in the plan is to do with hectares and the area of ground that we cover. However, the aim is CO₂ emissions and other factors come into that, such as the location of the tree planting and the type of soil. Are you comfortable that those are relatively minor variations, that we are right to focus on the hectares, and that the soil and other factors are not too important?

Fergus Ewing: I think that Jo O'Hara has better expertise for answering that question.

The Convener: I am very happy for her to do that, but I ask her to keep it as brief as possible.

Jo O'Hara: I will do what I can. We write it in terms of hectares, because that is easiest for everybody to understand—everybody can get their heads around an area. The calculation makes assumptions of an average forest for each of those hectares, which is converted into equivalent tonnes of carbon dioxide removed each year. In that average forest, that is seven tonnes per year per hectare. That is how the calculation is done.

There are variations. We do not have all the science yet with regard to what the carbon dynamics are with different soil types and different types of trees, but we know that there are differences. We must remember that we do not only plant trees for carbon; we plant trees for a range of different objectives and there is a trade-off between what is best for carbon and what is best for other things. We constantly look at that and that is why we use the average forest approach.

The Convener: Thank you for not going into yield classes and the Hoppus measure. Rhoda Grant has the next question.

Rhoda Grant: In the past, our native hardwoods have not been used much. However, there has been a great deal of planting of native hardwoods under better conditions. What are we doing to involve that material in our construction process now that we have better quality in the ground?

11:00

Jo O'Hara: A lot of the native trees that have been planted were planted not for production but for other reasons, including carbon sequestration and biodiversity. Therefore, with a lot of the native woodland resource that we have around Scotland, the quality of the timber means that it has limited use for joinery or construction. There are areas where we can grow good-quality hardwoods, but that is still quite niche. Hardwoods take longer to reach maturity so, with all the work that has gone on over the past 20 years, those trees are still only quarter of the way through their life cycle and are not yet ready to be harvested. However, there are other uses of native woods. One thing that is really interesting is the use of such woods for local fuel, although that is a low-value use.

To return to the point about the quality hardwoods sector, we work closely with and support the Association of Scottish Hardwood Sawmillers, which pulls together really talented and enthusiastic people who want to drive more value from the resource that we have. Personally,

I think that there is potential for birch but, for my whole career, we have been trying to get better quality from that fabulous tree that grows everywhere in Scotland. Research into that continues, but we have not yet cracked it. That area is quite niche and small, but it definitely has a future.

Forest Enterprise has a significant programme to establish more hardwood trees in the national forest estate specifically for timber production. I do not have all the details of that, but I am sure that Forest Enterprise could write to the committee on it. That is happening in a number of areas, and it is growing into quite a programme across the estate. However, those trees will not be ready for harvesting for another 50 or 60 years, so it will be a while before we get output from them. The key thing is that the trees need to be grown quite close together and managed carefully in the early stages if we want to get good-quality timber.

Rhoda Grant: Just—

The Convener: I regret that I will have to cut you short, Rhoda, because I have promised Mike Rumbles the last question.

Mike Rumbles: My questions relate to agriculture and forestry. We are considering a draft climate change plan, and the cabinet secretary must already anticipate making changes in the light of the responses that have been given during the process. Could you enlighten us as to what changes you anticipate making to the plan? The next part of my question, which is almost as important, is: what now? What is the process for finalising the plan and where do we go from here?

Fergus Ewing: We have only recently published the draft plan. Therefore, we need to give full consideration to the replies. I have not as yet had the opportunity to study them. Obviously, we work on a collegiate basis. My colleague Roseanna Cunningham is the lead minister in this area of work, but I play into that. It is really too early to commit to any changes because, were I to do so, I would prejudice the views of people whose views I have not yet studied and which have not been considered.

Mike Rumbles: My point is whether anything so far has jumped out at you. I am not asking for a detailed response on those issues. It is reasonable to ask whether anything has jumped out at you and made you think, "Gosh, that is a really good issue that we have not examined in the draft plan."

Fergus Ewing: The responses have been reasoned, useful and positive, which is what I expected. I would not use the phrase "jumped out at me", but the dialogue this morning has been encouraging, and that is the case with the responses that my colleague Roseanna Cunningham has had. She has dealt with more

public engagement on the matter than I have. I am not dealing primarily with that in my portfolio, so the responses and engagement that I have had at various recent events have not been focused primarily on that issue.

We are keen to hear responses from the committee and other key stakeholders and to see whether we can improve the draft plan. I am sure that we will be entirely open minded in how we go about that process. A plan is just the words on the page—that is what a plan is, and that is what laws are. The issue is how it works in practice; I am particularly interested in criticisms and suggestions that members of this committee, or the committee as a whole, may have about how, in practice, we can be more likely to achieve the forestry targets or to persuade farmers to take up the use of soil testing. Positive suggestions are what I am interested in, above most other things.

The Convener: That is the end of members' questions, cabinet secretary. I rudely did not give you a chance to make an opening statement. If you want to make a brief closing statement, we would be very happy to hear it.

Fergus Ewing: I would like to make one point that I am not sure has been covered. Obviously, the plan describes the contribution that forestry can make to delivering the Scottish Government's climate change commitment, through increasing the creation of new woodland and the use of wood in construction. In the limited time that we have had, with respect I do not think that we covered the use of wood in construction. I want to underscore the point that that is extremely important.

We have been harvesting a record number of trees. Harvesting levels have been high, which is why restocking issues, which have not been touched on, have come into play. I want to emphasise that we want to see an increased use of Scottish wood products in construction. The plan shows an increase from 2.2 million cubic metres to 3 million cubic metres by 2030.

We will do that by working with the whole sector, from the nursery through to looking after forests as they grow through to felling and then to the sawmill sector. Excellent companies such as James Jones, BSW and Gordons, in my constituency, and many other sawmillers, are at the heart of rural communities. They are committed to Scotland. They do not up sticks and leave—they cannot, but they do not want to anyway—as they are entirely committed to communities. They need the supply of timber, and the need to supply more timber is another reason, along with the environmental reasons, for increasing woodlands. Some of your witnesses have probably pointed out that a dip is forecast for the beginning of the 2030s, I think. That is not

good. It is so serious that it has impaired some financing decisions, or at least had a role to play in them.

How do we achieve that increase? We encourage the take-up of wood in house construction, for example—Scotland is taking a lead on that. Perhaps we can look to forage south to wean the English away from their love of the brick to look more to timber as a sustainable material for construction for the rest of the century.

I know that we have not had time to go into that matter. You kindly invited me to make a closing statement, and I am not someone who spurns a useful invitation. Thank you.

The Convener: Thank you for mentioning all those firms, which I know well as they are in the region that I visit.

I thank you and Jo O'Hara for the evidence that you have given us this morning, which has been extremely useful. We will write to you with a list of points that have been brought up. I suspend the meeting.

11:09

Meeting suspended.

11:16

On resuming—

The Convener: Welcome back, ladies and gentlemen. We will continue taking evidence on the Scottish Government's draft climate change plan.

I welcome to the meeting the Minister for Transport and the Islands, Humza Yousaf, who is joined by Donald Carmichael, director of transport policy at Transport Scotland, and Jonathan Dennis, economic adviser at Transport Scotland. I am happy to allow you to make an opening statement, minister, but we have quite a lot of questions, so please keep it as brief as possible.

The Minister for Transport and the Islands (Humza Yousaf): I will do my best, convener.

Thank you for the opportunity to discuss the transport aspects of the climate change plan with the committee. I look forward to hearing what the committee has to say and to getting its advice and reflections.

It goes without saying that the policies and proposals that are set out in the climate change plan are challenging. The intention is to continue to place Scotland at the forefront of the agenda. Of course, in setting out such an ambition we need to balance the need to reduce emissions with the needs of individuals and, indeed, the needs of the

economy as a whole. I believe that the plan balances those sometimes competing priorities.

We envisage a Scotland in which the economy grows but transport emissions decline very significantly over the next two decades. I am sure that we will debate much of the detail, but I hope that the committee will appreciate that a very methodical and evidence-based approach has been taken to the transport chapter in the plan. I will briefly touch on some of its content.

Of course, the overarching target is to drive down transport emissions by 35 per cent by 2032. That is a significant commitment, and the key strength of the chapter is in the articulation of the real changes that need to happen on the ground to reach that very ambitious target.

I will not go into the detail of the modelling behind the plan—the TIMES model and the Element Energy model—because of time constraints, but I am sure that members will ask about that.

Some people have focused on the fact that the plan and the chapter on transport are very technology heavy and technology driven. For me, the reality is that technology is changing fast, and simple arithmetic tells us that we gain more carbon abatement through greening our technology than by any other means, especially if we focus on the sectors that are perhaps easier to green, by which I mean cars and vans. In fact, even if we sat on our hands and did nothing, technology alone is projected to deliver half the abatement asked of transport by 2032.

It is no surprise that we are focusing on electric and other low-emission vehicles. We need to work with the grain of such technology rather than try to compete with it. It is also important that what we are doing is done in a value-for-money way—I do not think that we should shy away from that. We are in times of financial constraint and we have competing and demanding targets and priorities. It is therefore important that we get as much out of the pound as possible.

I am conscious of the time and I understand that there will be a lot of questions, so I will finish on a point about behaviour change. It is important that a lot of effort is directed at the technology, but behaviour change is also important, whether or not that relates to active travel, which we take very seriously. Active travel alone will not deliver carbon savings on a significant scale, although it can deliver other co-benefits, which we know about. Simply not enough road journeys of the right length and type will be diverted to active travel to significantly reduce CO₂ emissions. Therefore, other options for behaviour change are examined in the transport chapter, which I am sure I will discuss with committee members.

I will not go into all the detail that I have on the modelling, as I am conscious of the time. I will leave it at that and hear what members have to say. The plan is challenging, but it is intentionally so. It is meant to be challenging because of the nature of the difficulties that we face in this country and elsewhere on the planet. I am happy to listen to the committee's reflections and to take questions from members.

The Convener: Thank you, minister. I also thank you for keeping your comments brief.

Mairi Evans (Angus North and Mearns) (SNP): Minister, can you give the committee an update on the implementation of the transport-related policies that were outlined in the first report on policies and proposals and in RPP2? Have the emissions reduction targets for transport that were set in those documents been met?

Humza Yousaf: There was a lot of criticism that transport was not pulling its weight in RPP1 and RPP2. People felt that other sectors were doing a lot more, but that was down to a fundamental misunderstanding of the nature of transport. There is no quick fix or quick win across Government, and that is particularly true in the transport sector, where there is a need to be able to adopt technology. We are where RPP1 and RPP2 expected us to be: we expected to be at 13 megatonnes of emissions and that is where we are. Therefore, the answer to your specific question about whether we are where we expected to be is yes.

One of the main targets in the transport chapter relates to electric vehicles, which are expected to account for 40 per cent of all new vehicles by 2032. As technology advances, it goes through different phases. First, there is the innovators phase, during which some people take a chance on technology that is being tried and tested. There is then the early adopters phase, after which the technology begins to be adopted by the majority of people. That is where we want Scotland to be in the future. At the moment, however, we are very much at the innovators phase. Even in RPP1 and RPP2, it was recognised that significant reductions in transport emissions would not come until the late 2020s, and that is still where we are with the current plan. We are not saying that there will be immediate reductions on a significant scale; we still expect not to see those reductions until the mid to late 2020s onwards.

Mairi Evans: Do you think that the complete decarbonisation of surface transport by 2050 remains a realistic target?

Humza Yousaf: Yes. We will see how technology advances. At the moment, there is much talk of technology such as driverless cars completely changing the model of car ownership. The plan must allow some flexibility when we are

looking as far into the future as 2050, but the targets in the plan are realistic and I stand by them. I have confidence in them because of the modelling that underpins them, which I can go into in a bit more detail if members want me to. Because of the methodical process that has been followed, I have confidence in the targets.

The Convener: You mention modelling, and we have the best person to talk about it here. Stewart Stevenson has a question about modelling.

Humza Yousaf: I have been fearing this moment.

Stewart Stevenson: Fortunately, in the 50 years since graduating, I have forgotten all my maths, so do not worry about it.

The plan makes an assumption of vehicle journeys rising by 27 per cent by 2030. Where did that assumption come from? Is that rise really necessary?

Humza Yousaf: The most important point to note is that that is not a target; it is a forecast of where we are likely to be. The TIMES and Element Energy models look at the demographics and the patterns in terms of households and employment and make assumptions about the routes that people have to travel back and forth. The figure that the member mentions is the expected demand growth if we sit on our hands and do nothing at all. The point is that we have created a plan to try to tackle some of that. The figure should not be seen as a target—far from it; it is simply a forecast that the model uses.

The work that we are doing in the climate change plan looks to ensure that any road mileage involves fewer emissions. We have priorities that we must balance, and we should be honest about the fact that they can sometimes be competing priorities—for example, economic growth versus what we are trying to do in terms of carbon abatement.

The point that I want to make about the 27 per cent target—I mean forecast. That is my point—it is a forecast that is based on the modelling.

Stewart Stevenson: That is the figure that is before us, but it is not the outcome that you seek. What figure do you think will be the outcome in 2030?

Humza Yousaf: At this stage, I would not put a number on it, because the outcome depends on discussions with local authorities about low-emission zones, for example.

As I said, it is the forecast if we do nothing. I know that there was some criticism from environmental non-governmental organisations, which said that it was not good for the

Government to have that target, so I want to reiterate that is not a target but a forecast.

I ask Jonathan Dennis to say a little bit more about this, as he has done more detailed work on some of the modelling.

Jonathan Dennis (Scottish Government): The prediction that we have here, given what we know about population growth, economic growth, car ownership and so on, is of where we will end up if we do nothing more. It is not a forecast.

Over the past few years, we have seen lower growth. There are a number of reasons for that, including the economic recession and the fact that the policies that are part of the RPP process are attempting to move people on to alternative modes. For those reasons, the figure is likely to be less than 27 per cent. However, until we get to the point at which we have an understanding of how the measures interact and how the technologies will improve—it is worth pointing out that they have improved since we undertook RPP2, with, for example, battery costs coming down faster than anticipated and so on—we will not know how fast the rate of change will be with regard to people changing modes and vehicle types.

The Convener: Stewart Stevenson might pick up on this, but, in case he does not, I would like you to clarify something. Minister, you said that the figure of 27 per cent is a forecast, not a target. Jonathan Dennis said that it was not a forecast, and then he went on to say something else. I am confused. Is that figure of 27 per cent a forecast of where you think that we are going to be?

Jonathan Dennis: Based on population growth, economic growth and demographic change in Scotland, and the existing set of policies that we have already announced as part of the RPP process, that figure is where we think that we will end up if we do nothing further—if we do nothing else beyond the existing set of policies.

The Convener: Sorry, but I am still unclear. You are not saying that it is a forecast; you are saying that it is where we might end up.

Humza Yousaf: If we do nothing.

Jonathan Dennis: If we do no more than follow the existing set of policies.

11:30

Stewart Stevenson: We need to be clear about what we mean by “we”. Does “we” mean the Scottish Government and people involved in public policy?

I am focusing on this issue because it strikes me that there is a series of things that are going to happen that are not at our hand. For example, nothing that I am wearing today was bought by my

visiting a shop; everything that I am wearing today was bought online. That would not have been true 10 years ago. That is the pattern—people are buying their weekly shop online and so on. How much of how things are changing is actually—*[Interruption.]* Go away, Michael. *[Laughter.]* How much of what is changing, which is nothing to do with Government policy, is incorporated in the 27 per cent figure? How much of a contribution does the 27 per cent make to the “if we do nothing more” figure? I am not sure who the “we” is there—

Humza Yousaf: I get your point.

Stewart Stevenson: We know that things will be happening. I am just not satisfied that the 27 per cent figure is any sort of sound basis for looking forward to where we know we will get to in 2030, in the light of what we know and what is happening.

It is very important that the committee, in understanding the totality of the plan, gets a sense of what you really think about what we kind of already know we will end up with—although there are many unknowns between now and 2030. To be blunt, I just do not believe that 27 per cent.

Humza Yousaf: I have a couple of things to say. First, I am pleased that I did not hear Mike Rumbles’s sedentary remark—I feel that I have been saved from something.

On the overall target, I remind the member that the 35 per cent reduction in emissions from transport is the key target that we are working towards in the transport chapter. It is important not to lose sight of that.

The member is absolutely correct to allude to the fact that, in relation to achieving that 35 per cent reduction target, we will have to dampen the 27 per cent growth in transport, which will require a collaborative effort, not just an effort by Government. We have been very clear in the climate change plan, including in the transport chapter, that that will include collaboration with local authorities, for example on low-emission zones, and undoubtedly with the private sector—the member alluded to his own shopping patterns, and consolidation centres, for example, require private sector buy-in.

The Element Energy modelling is available online but if the member wants a copy of it, I am sure that we can send it to him. However, what I cannot do is say that X per cent of that 27 per cent absolutely relies on what the Government can do.

Let me be frank. We have said that we will explore workplace parking levies. That will come down to whether local authorities want enabling legislation for that, but if, after deliberation and consideration, local authorities do not want it and it

is not a route that we end up going down, we would have to think about what else we could do in order to meet our carbon abatement target.

Therefore, for me to be able to say that 30 per cent of it relies on Government intervention, 30 per cent relies on local authority intervention, 30 per cent relies on the private sector and 10 per cent or so relies on people changing their behaviour, will require a level of flexibility to be included. It will depend on what works and what does not work.

Stewart Stevenson: We may come back to that.

John Finnie: I have a short supplementary. Minister, you made a comment about workplace parking levies. Table 7, which is entitled “Cost-effective policy options for mitigating transport emissions”, says that there are “No policies or proposals” for a workplace parking levy.

Humza Yousaf: I will look at the detail of what is said. There are some good examples of where the workplace parking levy is potentially working—in Nottingham, for example—but it is at the very early stages. We have said that we will explore the option further with local authorities. We have not said that we will absolutely commit to a workplace parking levy in specific places because it is clear that it would happen as a result of conversations with local authorities and other partners. We will have those conversations and, if enabling legislation is needed, we can then have that conversation. The levy has not come up yet in my conversations with local partners, but the position could change.

John Finnie: I appreciate that it is a draft plan and it may be that your comment will change from “No policies or proposals” to “No policies but the proposal is to consult”. However, the comment is replicated through that table—seven of the “Cost-effective policy options for mitigating transport emissions” have the comment “No policies or proposals” beside them.

Humza Yousaf: I certainly take the member’s point about looking at how we can perhaps redraft or reword that. The point is—this goes back to the point that I made to Mr Stevenson—that a significant part of what we want to do will rely on conversations with other partners, whether they are private sector partners or, as in this case, local authority partners, and we have to wait for the outcome of those discussions. However, the intention is absolutely to explore the options in good faith to see whether we can bring them forward in order to meet our targets. I take the member’s general point. Perhaps we can word things in a way that gives a little bit more confidence.

John Finnie: Thank you.

John Mason: My question follows on from our discussion about the reductions. In comparison with other sectors in the economy, transport is one of the major sources—if not the largest source—of emissions, yet we are talking about a target of a 31 or 32 per cent reduction. How do you argue that that is the right level for that sector in comparison with others? Are you even comparing it with other sectors?

Humza Yousaf: That is a really good question. The 35 per cent figure and the sub-targets that we have arrived at—40 per cent for electric vehicles, 50 per cent for green buses and so on—are all underpinned by a methodical evidence-based approach that relies on a number of models, which are primarily the ones that members know about, such as the TIMES model, plus the Element Energy model.

Let us take an example. There has been some criticism that we have not gone with the target for electric vehicles that the UK Committee on Climate Change suggested in its advice to us, which I think was 60 or 65 per cent by 2030. The reason is that we have ensured by applying our models—again, we can go into the detail of that—that we have a realistic pathway. The member asked whether the target is achievable and is ambitious enough. It is ambitious, but it is also credible and deliverable.

The transport sector contributes to the overall emissions envelope, and our efforts will feed into the wider cross-Government effort that will see us achieve a reduction of 66 per cent by 2032 across all emissions. We are playing our part in relation to a significant target that will not be easy to achieve but which is credible and achievable.

John Mason: I should probably declare that I am a co-convenor of the cross-party group on rail, so I am enthusiastic about rail, but also about ferries. Those two sectors contribute very low emissions levels in comparison with road—be it cars or freight. Is that a factor when the Government is deciding how much to invest in capital projects? I like the idea of electrification of the railway, but does it represent good value for money from the perspective of reducing emissions? We are putting in quite a lot of money, but there might not be a huge difference in emissions, and perhaps the same applies to ferries.

Humza Yousaf: The member makes a good point. We are looking at modal shift. We hope that, if we can make rail more attractive, we can get people out of their cars, which is where the largest amounts of emissions come from, and on to the trains.

The member gave the example of electrification. If we have electrification and high-speed trains

between our cities, that will make journeys shorter and easier and, with the longer trains that we are investing in, that will make rail a more attractive option. As well as journey speed, affordability is a factor, so we heavily subsidise rail, as the member knows. Making it as affordable as possible will also help with modal shift.

The investment is worth while for a number of reasons but, if we are looking at the climate change agenda, it enables us to attempt to shift people from their cars on to rail. Road freight is also a significant contributor to emissions and, if we can get freight from road on to rail, that will also help us to reach our target.

John Mason: If we look at the matter the other way round and consider the journey from Perth to Inverness, we see that we are investing a lot in the roads but not very much in the railway. Will that switch people from the railway to the roads?

Humza Yousaf: No. We could make the valid argument that, in light of the number of heavy goods vehicles that can be backed up on a single carriageway at peak times, having a dual carriageway will help freight to move more quickly and not be clogged up in single-lane traffic with engines running. What we do has to balance up.

I am not suggesting that investing in roads and dual carriageways does not have the potential to increase emissions over the piece. We have to be aware of that, but we have to balance that and offset it through other policies. It is true that we have competing priorities—there is no point in trying to get away from that—but we have to manage them in such a way that the approach is deliverable and credible in order to meet our ambitious carbon abatement targets.

Rhoda Grant: I have a brief supplementary point about air travel. The reductions in air passenger duty seem to fly in the face of trying to cut carbon emissions from transport, as they will increase emissions.

Humza Yousaf: You are right. There is no way of getting round the fact that a reduction in APD would increase the number of flights and could therefore increase emissions. That argument is correct, but we should go back to what the Committee on Climate Change said, which I do not want to misquote. Its report said that the increase in emissions that an APD cut would generate is manageable if additional measures are taken to account for it. It said:

“the Government’s APD consultation paper estimated that a 50%”

blanket cut in APD across the board

“would lead to a maximum increase in emissions of around 0.06”

megatonnes, which would be

"0.1% of total Scottish emissions ... This is therefore likely to be manageable".

The APD reduction would help to meet good Government ambitions on global connectivity and increasing tourism to Scotland, for example, and there would be great benefits for business and the economy. However, Rhoda Grant is right that we have to offset that. According to the Committee on Climate Change, the increase is manageable.

The Convener: I will stop you there on that subject. I notice that other members—specifically John Finnie—would like to say something, but I am afraid that we are pressed for time. I ask the minister to keep his answers to Jamie Greene's questions, which are on low-emission vehicles, as short as possible.

Jamie Greene: The next section is quite meaty, and I hope that other members will be inspired to come in but, in the interests of time, I would be happy for some questions to be answered in writing after the meeting, if that was easier for the minister or gave him more time to research responses.

I will split my questions into two parts. First, I have specific questions that your officials can perhaps take away. The questions after that are more about policy.

You mentioned up front in your opening statement that the plan is technology heavy, but you also said that behavioural change is a big part of it. Given that the plan is technology heavy, it is important that we look at your ideas about that.

On ultra-low-emission vehicles, what conversations have you had with the United Kingdom Government on the changes to vehicle excise duty that will be introduced in April? Does that approach fit in with your overall plan in Scotland? What funding will be available for charging points after August 2019? We know that the current funding plans will end then.

I am happy to park those questions to the side and come back to them later.

The Convener: It would be useful to have a brief answer to the questions about charging points and discussions.

Humza Yousaf: I will give a brief answer. We share the concerns that many people in environmental non-Governmental organisations have about the changes in vehicle excise duty. I understand the UK Government's logic in thinking that the approach might be a good idea to incentivise the use of electric vehicles, but ultra-low-emission vehicles will suffer. I can give Jamie Greene a response with a little more detail about what we have done and what conversations my officials have had with the Department for Transport.

On funding, I simply say that we have committed to the funding to 2019, as Jamie Greene said. RPP1 and RPP2 told us to invest heavily in infrastructure, and we have done so. We now have 600 charging points, 1,200 charging bays and rapid charging points across Scotland, and we will continue to invest in all that. We also have a funding scheme for those who want to put electric charging points in their domestic residences.

Come 2019, we can review that and the progress that we have made, but the infrastructure is making and continuing to make great progress. We will have to continue to invest in that, but we might need to rebalance things towards incentivising the uptake of vehicles even more than we do at the moment. We will make a call on that closer to the time.

11:45

Jamie Greene: That leads me nicely into my next question. Given that you are working on the assumption that 40 per cent of vehicles will be electric by 2032, your response that funding will stop in 2019 makes me slightly nervous. I was hoping for more of a commitment to the strategy to bring take-up to that level.

What can the Scottish Government do to incentivise or subsidise the take-up of ULEVs? Have you had any thoughts about that or discussed it with officials?

Humza Yousaf: First, I clarify that I said that we would make a call on funding closer to 2019. I am not suggesting that that will be the cliff edge for funding; the plans as laid out in the transport chapter are as we see things, but we should have the flexibility to review them if uptake needs to be incentivised or if infrastructure needs to be updated.

As for the uptake of electric vehicles, we are broadly where we thought that we would be at this innovator stage. I spoke about the innovator, early adopter and majority stages and, as I said, we are broadly where we thought that we would be, with electric vehicles comprising 2.5 per cent of new vehicles being registered. That is a 108 per cent increase on the previous year, so we are on the right trajectory, albeit that we are starting from a relatively low baseline. We are making good progress.

Quite a lot of funding has gone into electric vehicles. For example, £15 million has gone into the chargeplace Scotland network, which the member will know about; £3.5 million has been spent on the fleet of 350 public sector vehicles; and the member might also know about the £15 million green bus fund. There is also the low-carbon transport loan scheme, which so far has

been worth £10 million and gives loans not only to individuals but, just as important, to businesses that want to transition from petrol and diesel cars to electric vehicles.

Those funding schemes have been really well taken up and received, and the Government is continuing with them, but if, as time goes on, we find that the trajectory is not as we expected, we might have to do something to further incentivise things. As I said, we predicted in RPP1 and RPP2 that the increased take-up would happen around the mid to late 2020s, and that is still the trajectory that we are looking at.

Jamie Greene: There is a bit of a chicken-and-egg situation, in that uptake might be higher if there were better incentives, including financial incentives. We have taken evidence on purchasing schemes in Norway, and I was pleasantly surprised by the take-up of electric and hybrid vehicles in that country as a result of certain Government subsidies and incentives. That model seems like an interesting one to look at.

Humza Yousaf: The member is absolutely right to say that there are a lot of incentives in the Norwegian model but, when I looked at it, I noticed that there is a bit of a stick as well as a carrot, in that vehicles that rely on internal combustion engines attract 25 per cent VAT.

Gail Ross: Stop Climate Chaos Scotland and Friends of the Earth Scotland have told us that demand measures have not been given any serious consideration in the climate change plan. You discussed workplace parking levies with John Finnie, but will you explain why we are not looking at, for example, increased public parking charges or reduced speed limits? What is the Scottish Government doing to manage demand?

Humza Yousaf: We have an overall commitment to reduce emissions by 66 per cent. Transport will play a part in that, with an emissions reduction of 35 per cent. How we get there is important; I am not taking away from that. We have managed to find a pathway that does that in a way that respects people's individual needs, the economy and our very important targets—our ambition to reduce carbon emissions. We have managed to do that in a way that we think provides a sensible and correct balance.

That does not stop a local authority, for example, choosing to increase parking charges if it wants to, but I do not think that local authorities are looking to go down that route, because there are other ways of meeting their emissions targets, some of which we have discussed. Low-emission zones are an example of that. In effect, they prevent a particular type of vehicle—the emission-heavy vehicle—from coming into a particular location such as a city centre. As we have

discussed in the transport plan, a wider low-emission zone in an urban area can constrain demand. We are not considering measures such as car parking charges. We are confident of achieving the 35 per cent reduction without those measures, so we see no need for them.

Gail Ross: You mentioned low-emission zones. Do you have any plans to encourage local authorities to run pilot schemes?

Humza Yousaf: The discussions that we are having on low-emission zones with the four largest cities in Scotland are going well. Those cities would be the right place to start a low-emission zone, and we said in our manifesto that we would have one up and running by 2018. That is the ambitious target that we are working towards.

Gail Ross may know that, as we have entered the run-up to the local elections, a number of political parties have said that they, too, support low-emission zones. Across the spectrum, there is political will to introduce low-emission zones. I think and hope that we will see one by the 2018 target that we are working towards.

Rhoda Grant: I have a question about concessionary rates for bus travel, given that any increase in the age threshold for that would force people back into their cars. An unintended consequence of the concessionary travel scheme is that on reaching their 60th birthday a lot of people have moved over to bus travel, which plays its part in dealing with emissions. If the age threshold is increased, which will force people back into their cars, will that impact on emissions?

Humza Yousaf: We are at the pre-engagement stage, as Rhoda Grant knows, and I do not want to pre-empt any consultation that will take place and what its result will be. We will look at a range of factors to make the scheme more sustainable. We have given a commitment to extend the scheme to modern apprentices and young people who are on a jobs grant, and the flipside of the argument is that getting those young people travelling on buses, rather than taking taxis, being driven around by parents or driving themselves, would be positive.

However, Rhoda Grant is right that we should take any unintended consequences into account as part of the consultation discussion. I am not saying that we are going down the route of changing the age threshold, but I am not sure that many 60 to 65-year-olds give up their cars because they get a bus pass. I say that from my experience, anecdotally speaking, and I am not saying that that is the case. Rhoda Grant is right to highlight that we should look at the matter as part of our discussions and deliberations about the consultation on the concessionary travel scheme.

Rhoda Grant: Will you assess the impact on emissions before you change the scheme?

Humza Yousaf: Any changes to the scheme will be based on the consultation, and they will have to go through various impact assessments, including an absolute commitment to look at unintended consequences for the climate change plan. I suspect that the impact would be very small, if it was negative at all, but Rhoda Grant is right that we should look at that element.

The Convener: The next question is from Mike Rumbles.

Mike Rumbles: On the theme of buses, minister, I am a bit alarmed that you seem—from your response to Rhoda Grant's question—to be under the impression that, in order for the scheme to succeed, people will have to give up their cars rather than simply use buses more often than they would ever have done before. The scheme is very good and there are 1.3 million bus card holders, but passenger journeys have risen by less than expected in the past two years.

Should we be aiming to make 50 per cent of the bus fleet electric—rather than simply low-emission, as the draft plan states—by 2030? If we do that, and get more people to move towards more bus use and away from the car, rather than abandoning cars completely, that would decrease the forecast—I hesitate to use that word—for a 27 per cent increase in car travel. It would be a really effective way of both reducing the forecast and getting people to use electric buses. Getting people out of their cars would create a win-win situation for everybody—for the environment, health and active travel.

Humza Yousaf: To clarify, I do not think that I said—and I certainly did not mean to suggest at all—that people going from car to bus would ensure the success of the scheme. We simply make the point about behaviour patterns and changes, based on anecdotal evidence. I agree with Mike Rumbles that we should look at any unintended consequences on emissions. In terms of—

Mike Rumbles: Can I just ask about that? I got the impression from your response to Rhoda Grant—I am glad if this is not the case—that the success of the card scheme will depend on people giving up their cars. As you said, not many people have given up their cars, but that is not the point of the card scheme.

Humza Yousaf: No—I did not mean to suggest that it was. I am happy to clarify that.

On the wider point that Mike Rumbles makes, the point of having this discussion is for us to take on board members' ideas and we should reflect on what Mike Rumbles says about electric buses. I

should say that the Element Energy model, in particular, involved a degree of stakeholder engagement, and the bus operators were part of the conversation on the bus chapter. What we have come up with has been produced in consultation with the bus sector, taking into account what operators think is achievable.

I was incredibly impressed on my recent visits to Lothian Buses, Stagecoach and First, as all three companies have really ambitious plans for low-emission buses. We are looking at transitioning, or fast-forwarding, to electric vehicles, which are available—I was on an electric bus on my recent visit to Orkney. We would have to take that aspect back to the bus sector to see whether operators are comfortable with the pace of change.

Mike Rumbles is absolutely correct: bus patronage has been declining for decades, and we need to find a way to reverse that trend, which is a real challenge. The experience of bus passengers is really important, as is tackling problems such as congestion, which is not just an urban issue. We can also look at smart ticketing and making fares more accessible. There are a lot of challenges around reversing the decline in patronage, but Mike Rumbles is right to say that if we succeed in tackling that problem, we will create a win-win situation.

The Convener: Before Mike Rumbles says anything else, I think that John Finnie was trying to catch my eye on the subject of buses. Do you want to come in, John?

John Finnie: If I may—I have a question on that very point.

I thank the minister for the information that he has given. I am not very technical, so I may be a bit confused about this, but I note that, on page 70, the plan states that a switch to bus use

“is likely to be limited by capacity of the sector to absorb significant new traffic.”

You have said very commendable things about the fleet, minister. I am quite sure that if we had the bus operators in here and asked them about a target to double their patronage by 2032, they would all eat an arm off for that. Why, then, is the Government turning away from even considering an increase in bus patronage?

12:00

Humza Yousaf: I will look at the drafting and take that suggestion back. I want to see an increase in bus patronage; transport ministers have wanted that for decades. The reality is that it is not an easy issue to tackle, and the trend cannot necessarily be reversed overnight, but the Government is committed, in consultation with the bus stakeholder group—with which I met

yesterday, in fact—to discussing how we can seek to reverse the decline in bus patronage.

It will take more than one measure to do that. There will be a bus element to the transport bill that we will introduce, and discussions with local authorities will also be part of our approach, as will tackling congestion and looking at road works—there are a number of things in that regard.

I will reflect on the wording, as you suggested. My ambition is to put in place what is needed if there is to be a reversal in the decline in bus patronage. Such a reversal will not happen overnight or in 12 months, but it is something that we should be aiming for in the long term.

The Convener: I think that John Finnie also wants to ask about cycling; could you do that briefly, John?

John Finnie: The transport emissions reductions in the climate change plan are based on an aspiration that

“10% of everyday journeys will be by bike by 2020”.

Cycling currently accounts for less than 2 per cent of trips. What will the Scottish Government do to achieve the target?

The TIMES model assumes that funding for active travel is frozen at 2016-17 cash values until 2021. How can a real-terms reduction in funding for active travel equate to a policy that supports more active travel? I am referring to page 71 of the plan.

Humza Yousaf: Let me put some context around the figures. Active travel investment is at record levels, at £39.2 million per annum. That equates to spending of £175 million on active travel since 2011, which is far above what previous Governments spent.

I accept your point and I know that you and other stakeholders will push us to do more. However, at a time when our budget has been cut, by providing at least certainty on funding—at a record level of investment—we are able to give some comfort to our partners.

John Finnie: It is also about the relative percentages.

Humza Yousaf: I will come to that. Some people in the sector are pushing for 10 per cent of the transport budget to be for active travel—I think that that is your party's policy. For me, that is not a realistic prospect, because budgets are committed to various contractual obligations, such as dualling the A9 and A96, the rail franchise and so on. Of course, you might tell me not to press ahead with certain projects—

John Finnie: Indeed.

Humza Yousaf: However, that is not the view of this Government.

Let me try to give you some comfort. I recently chaired a meeting of the active travel task force. There still seem to be too many barriers to cycling infrastructure, particularly at local level. I am a big believer in segregated cycle paths, which I think are important in increasing cycling and giving road users and cyclists confidence, and I have been disappointed by decisions that have been made recently. The active travel task force brings together local partners, the Government and others to consider how we can tackle local barriers. We hope to do that.

I make a final point about the transport chapter in the climate change plan. We have been criticised by some of the cycling and active travel lobby for not having enough emphasis on active travel, but the transport chapter is focused on carbon abatement, which is understandable given the long journeys that generate the highest emissions. Cycling has many benefits in relation to health and so on, but the carbon abatement aspect of active travel is small. That is not to say that we do not think that active travel is important or support it enthusiastically—I do. However, the big focus in the transport chapter is on carbon abatement.

The Convener: Minister, I must stop you at that logical break. You are drifting into giving answers that are slightly on the long side, and we have a few more questions. I urge everyone towards brevity.

Richard Lyle: Minister, you said that there are bigger and bigger lorries on the road—we have all sat behind them. How do we get those loads off the road and on to rail, which is what we need to do? I live next to the Glasgow to Edinburgh main line, and I used to watch freight trains go by occasionally when I was out walking the dog. What are you doing to support the development of infrastructure, so that we can have longer freight trains that could take all those loads off the road?

Humza Yousaf: I will try to be brief in my answer to that. We have the modal shift revenue support scheme, whereby 2.5 million tonnes of freight have been moved from road to rail and 100,000 HGV journeys have been removed from the roads, realising £7 million of environmental benefits. The funds for that exist. However, there are also funds for the same purposes that have not been utilised to the extent that I would like them to have been utilised. That must be an issue, so I have tasked officials with looking at the freight facilities grants and other such funds to see how we can improve them.

Richard Lyle: In my area, there is an application for what I am going to ask you about.

We have heard evidence that, despite a key plank in freight transport—

The Convener: Can you try to keep the questions on a Scotland-wide basis, please?

Richard Lyle: Aye, well, a key plank of the freight transport emissions reduction policy, which is a Scotland-wide issue, is the development of freight transport and rail centres, which is being opposed by a number of sectors. What is the Scottish Government doing to encourage their development in order to reduce transport emissions?

Humza Yousaf: Are you talking about freight consolidation centres?

Richard Lyle: Yes.

Humza Yousaf: They are mentioned in the transport chapter as something that we want to explore. You are right to say that there is resistance to them, and a lot of that resistance comes from the private sector operators. Conversations about them will continue, and I give you a commitment that we will explore the data. Consolidation centres are used across the UK, and it is important that we examine the evidence base for them to see whether they would have the impact that we would want them to have before we put the investment in. I give you a commitment that we are exploring the use of such centres.

Richard Lyle: I mentioned that it was a local issue in case anyone said that I had not identified that it was happening in my area.

The Convener: Okay. Thank you, Richard.

I have a question on planning. We have been told that trip length between houses and places of work has been identified as a problem. How is the Government working with local government to make the best use of land in development to ensure that trip lengths are kept as brief as possible?

Humza Yousaf: There are a couple of answers to that question. I will keep them as brief as I can.

First, it is essential that we work in collaboration with local government across what is set out in the transport chapter. Regardless of the results across the country, the forthcoming local elections will give us a renewed impetus to do that. Whether new regimes come in or the current regimes remain, there will be a renewed focus and an opportunity for us to do that.

Secondly, I am working closely with my colleague Kevin Stewart, who is leading the planning review. He and I have regular discussions on a number of issues. Officials are having a conversation about the issue that you raise, and I should be having a conversation with

Kevin about it. We will see how we can reflect it in the plan, if that is appropriate.

The Convener: Thank you, minister. Richard Lyle has the next question.

Richard Lyle: In line with what the convener asked of me, I will make it a Scotland-wide question.

People often say, “Build it and they will come.” How do you reconcile the Scottish Government’s transport emissions reduction ambitions with the roads-focused capital investment that you have carried out? A number of roads throughout Scotland are being upgraded or improved.

Humza Yousaf: I think that I have touched on that issue in previous answers. We have to balance our priorities for economic growth with what we are trying to do on carbon abatement, and we have taken account of the dualling of the A9 and the A96—as well as other road projects that you will know about because they go through your constituency—in arriving at a deliverable pathway to reduce transport emissions by 35 per cent by 2032.

Richard Lyle: Well, you have now opened the Raith interchange underpass under the M74, which has stopped car parking on a certain road. I happen to agree with that.

The Convener: I am glad that you got that in, Richard.

Jamie Greene has a supplementary question.

Jamie Greene: It is for Mr Carmichael. How much involvement do you have in influencing or discussing with the minister transport policy, strategy and subsequent investment?

Donald Carmichael (Scottish Government): That is a core part of my job.

Jamie Greene: Did you feed into the infrastructure investment plan that was produced in 2015 and which the committee has looked at?

Donald Carmichael: Not directly. It is not my lead role.

Jamie Greene: The reason I ask is that in a previous evidence session—my question is specific to the climate change plan and how the transport policy feeds into it, so I can open the question up to anyone who is interested in answering—we asked each of the witnesses a very specific question: do the capital investment plans and policies of the Scottish Government support its emissions reduction ambitions? The answer from the witnesses was a resounding no. Do you have any comments on that?

Donald Carmichael: I think that the minister has just answered that question in that we are

today discussing a plan that is built on current policies, including current investment decisions that ministers have made.

Humza Yousaf: Has the member seen the Element Energy modelling?

Jamie Greene: No, but I would be happy to look at it.

Humza Yousaf: We will definitely send it across to you. It makes good reading, because it takes into account the realities on the ground in relation to how to achieve what we are trying to achieve. We have to balance priorities in government. There is no shying away from the fact that we must balance certain actions—Rhoda Grant mentioned the APD cut, which might well increase emissions in aviation—with what we do on carbon abatement. A key point is that I think that we have managed to get something that is deliverable.

Jamie Greene: I totally appreciate that. I think that the problem perhaps is that there is a perception that the Government's strategy and capital investment in transport will not help it to meet its emissions reduction targets. That came across very strongly from all the witnesses.

The Convener: I am happy to leave it there, Jamie.

Before we move on to the next agenda item, would the minister like to make a very brief closing statement or are you happy that you have addressed the appropriate issues?

Humza Yousaf: The only thing that I would say is that I thank members for their suggestions. We should certainly take a few things back and reflect on them to see how we can perhaps better word the plan. If members want to talk one to one about any particular issues that they have not had the time to raise, my door is certainly open and we have a window of a few weeks to have a conversation about the climate change plan. I thank members for what I thought were eminently sensible suggestions.

The Convener: Thank you, minister. I will briefly suspend the meeting to allow witnesses to change over. I ask committee members to stay seated so that we can move on to the next item as quickly as possible.

12:12

Meeting suspended.

12:13

On resuming—

Subordinate Legislation

National Bus Travel Concession Scheme for Older and Disabled Persons (Scotland) Amendment Order 2017 [Draft]

The Convener: Item 3 is to take evidence on the draft National Bus Travel Concession Scheme for Older and Disabled Persons (Scotland) Amendment Order 2017. The minister and Mr Carmichael are joined by Tom Davy, the head of the bus and local transport policy unit at Transport Scotland. The instrument is laid under the affirmative procedure, which means that the Parliament must approve it before the provisions can come into force. Following the evidence session, the committee will be invited under the next item to consider the motion to approve the instrument. I invite the minister to make a short opening statement.

Humza Yousaf: Thank you, convener, and thank you for inviting me to discuss the draft order, which sets the reimbursement rate and capped level of funding for the national concessionary travel scheme in 2017-18. In doing so, it gives effect to an agreement that we reached in January with the Confederation of Passenger Transport, which represents the Scottish bus industry. The agreement was based on the reimbursement economic model that was developed in 2013 on the basis of independent research that the Scottish Government commissioned at that time. The research was discussed extensively at that time with the CPT and its advisers. The model and recent discussions on updating the various inputs to it, including forecasts based on national trends and agreed indices, have given us a good basis for making informed decisions to provide stability and clarity for all partners.

Using the updated model, on the basis of agreed forecasts, we have concluded that the appropriate rate of reimbursement in 2017-18 should be 56.9 per cent of the adult single fare. That rate will most closely deliver the aim set out in the legislation that established the scheme that bus operators should be no better or worse off as a result of participating in the scheme.

12:15

As the rate is the same as last year, it also provides welcome stability and continuity for the bus industry. On the basis of that rate, and our expectations for future changes in journey numbers and fares, we forecast that the claims for reimbursement for bus operators will be capped at

£196.16 million over the next year. That figure is described in the draft order as the budgetary cap.

The order is limited to the coming year. We have agreed with the CPT that the reimbursement model will be reviewed during the year to ensure that it continues to provide a fair deal for all parties and remains an appropriate mechanism for determining future payments.

The committee will also be aware that, in the coming months, we will be consulting on ways to ensure the long-term sustainability of the national concessionary travel scheme and on the implementation of our commitment to extend free bus travel to young modern apprentices and young people on a jobs grant. We know that older and disabled people greatly value the free bus travel that is provided by the scheme, which enables them to access local services, visit friends and relatives and gain the health benefits of having a more active lifestyle.

The order provides for those benefits to continue for a further year on a basis that is fair to operators and that is affordable to taxpayers. I commend the order to the committee and am happy to take any questions on the scheme.

The Convener: I remind the committee that the questions must relate to the order in front of us, rather than to any future provisions.

John Finnie: I have a question about the business and regulatory impact assessment. It is important that I tell you the source because, when we were questioning you earlier on the draft climate change plan, I talked about a table in the plan, but in fact that table came from the Scottish Parliament information centre briefing. I apologise for that—it was not my intention to cause confusion.

My question is about the rationale for Government intervention. I will read the first two sentences of the assessment:

“The National Bus Concessionary Travel Scheme for Older and Disabled Persons provides an entitlement to free bus travel for people over 60 or meeting certain disability related criteria. This is believed to deliver social and health benefits by enabling people more easily to access services and visit friends and relatives.”

I emphasise the word “believed”. Given that we are a number of years into the scheme, I would have thought that evidence would have been gathered on the social and health benefits that the scheme brings.

Humza Yousaf: As I suggested in my opening remarks, we believe that there are social and health benefits. If the member does not mind, I will write to him with some detail on the evidence that we have for that. It is generally believed that there are many benefits to the scheme; otherwise, we

would not have continued to pursue it. We recognise those benefits and members will be familiar with them from speaking to their constituents.

The Convener: I suggest that you write to the committee, and we will ensure that the information is passed on to Mr Finnie.

Humza Yousaf: Indeed.

The Convener: There is a heap of people queueing up to ask questions.

John Mason: On that point, I was going to ask why there is a difference between the assessment and the policy note, which says:

“This has been shown to deliver social and health benefits”.

Could you cover that in the letter, minister?

Humza Yousaf: Yes, I will be happy to do that.

Stewart Stevenson: The rate is staying at 56.9 per cent of the standard single fare. As there may be commercial sensitivities around this point, rather than inviting you to share information that it is not proper for the committee to have, I will ask whether you and your officials are aware of the extent to which the standard single fare has diverged from the overall basis of fares since the introduction of the scheme. There has always been an underlying worry that a little bit of gaming goes on, because there is not much incentive to reduce the standard single fare, which is probably little used beyond the bus pass scheme. Are you confident that the standard single fare is not diverging too much from the fares that are otherwise charged to those who pay money when they catch a bus?

Humza Yousaf: That is a good point and one that, it is fair to say, we are aware of. In my first few months in post, I was approached by a current MSP who used to be involved in the bus industry, who suggested that I look at that issue. The reimbursement rate that we come to is, of course, a negotiated position, which involves compromise on both sides—from the Government on behalf of the Scottish taxpayer and from the bus operator as a private company. I do not think that any games are being played on the adult single fare, but we are alive to the possibility that that could be happening.

Stewart Stevenson: It would be fair to say that the rates are negotiated but that fares are unilaterally set, albeit that they are notified to the commissioner.

Humza Yousaf: Sure.

Tom Davy (Scottish Government): A test is applied to fare tables when they are submitted by operators. We look at the fares to see whether

they are genuine commercial fares—that is, at the level of fares that people are paying. That does not catch fares that might be creeping up under less competitive pressure, but it does—or would—catch serious cases of gaming.

We are due to review the reimbursement model over the coming year and the question of how we deal with the relationship between adult single fares and the fares that people would pay if there were not a scheme and whether the figures that we use for that hold good.

The Convener: I remind everyone gently that we are looking at the scheme that is coming immediately down the line, rather than any scheme further in the future.

Mike Rumbles: I would like the minister to clarify some of the evidence that he has given this morning and the evidence that is provided in his policy note. The third sentence of paragraph 7 of the policy note says:

“Bus fares and concessionary passenger journey numbers have risen by less than expected in the last two years since the ... cap was set”.

In answer to my earlier question, the minister said that the number of bus journeys was going down. What are the facts? Is the number of bus journeys rising, but to a lesser extent than you thought that it would, or is it falling?

Humza Yousaf: Overall patronage on buses is declining. We are simply saying that the cap—the figure that we arrive at in negotiation with the CPT, which we will certainly not pay out more than under the scheme—is based on the forecast number of journeys and, over the past 10 years, the forecast and actual numbers of journeys have generally, although not in every year, been lower than the numbers allowed for by the budget cap, which is a good thing.

Mike Rumbles: I understand that. My question is focused on the policy note that you provided. I will read it to you again:

“Bus fares and”—

this is what we are looking at—

“concessionary passenger journey numbers have risen by less than expected”.

That means that they have risen. Is that the case?

Tom Davy: It is the case that fares have risen by less than expected. We had expected passenger numbers to rise and they rose by less than expected—in fact, they fell. You were right to say that; I apologise if there was confusion about that. We were anticipating a rise, but we have experienced a flattening out to a small fall. We are modelling on the basis of a rise into next year. That is the basis of the budget cap.

Mike Rumbles: If I understand you correctly, the number of concessionary passenger journeys—the issue that we are focusing on—has flatlined. Is that what you are saying?

Tom Davy: The number has flatlined, or it has gone slightly down.

Mike Rumbles: Slightly down.

Tom Davy: We had anticipated that there would be slight increases.

Mike Rumbles: Are you anticipating a slight increase?

Tom Davy: We are anticipating a slight increase into next year. That is on the basis of economic modelling done by the CPT.

Mike Rumbles: I will move to my next question. You have cut the cap by £16 million.

Tom Davy: Yes.

Mike Rumbles: In our discussion with the minister about cutting emissions, my question was based on encouraging concessionary bus use in particular. It strikes me that, rather than saying that it is a good thing and encouraging it, as you said in the earlier answer, the policy note shows that you are not anticipating a rise. As you just said, you are reducing the funding and cutting the cap. If the Government is really encouraging concessionary fare use, as the evidence that we received this morning indicated, why are you reducing the cap?

Humza Yousaf: Remember that the cap is the ceiling of payments. If we look at the 10 years from 2007, we can see that the current cap of £196 million is higher than the money that we have had to pay out every year in the past 10 years except for one year, which was 2012-13. Therefore, it still has leeway to allow for an increase, even compared with last year's payments, which came to £189 million.

Mike Rumbles: But the figure that you give in paragraph 7 for the actual reimbursement claim is £192 million and your cap is £196 million. Therefore, your cap is only £4 million more than what is being paid out this year. I want you to focus on the point that you said that you wanted to encourage concessionary travel but your policy increases the funding only by a maximum of—

Humza Yousaf: It is an increase.

Mike Rumbles: Yes, but it is a maximum increase of £4 million on the £192 million. If we are trying to cut emissions, that is not much, is it?

Humza Yousaf: It is an increase—that is the point. Not only is it an increase, we are considering the long-term sustainability of the

scheme. If the cap had been lower than the payments, I would understand your point but—

Mike Rumbles: Do you not understand my point?

Humza Yousaf: No, I do. I am saying that it is an increase.

Mike Rumbles: I know that it is an increase. The point that I am making is that it is a tiny increase when you are saying that you want to increase the use of buses dramatically to reduce emissions.

Humza Yousaf: We are saying that the bus element of the transport chapter—this relates to the previous discussion—is about reversing the decline in bus patronage across the board. A number of measures to tackle congestion and improve the passenger experience, for example—not just the national concessionary travel scheme, although that is an important part of it—will help with that. The concessionary travel scheme certainly feeds into that.

The Convener: The committee might need to come back to the matter, because we will not know whether the cap has been breached until later. The point is well made.

Richard Lyle: I have a couple of questions. Do we know how many people in Scotland have the card?

Humza Yousaf: Yes. I do not have the number on me, but we know how many have it.

Mike Rumbles: It is 1.3 million people.

Richard Lyle: I thought that I asked the minister.

Tom Davy: It is 1.3 million.

Richard Lyle: Am I correct in thinking that people who are entitled to use the card might not have used it? I am entitled to use it and have it, but I have seldom used it.

Tom Davy: I do not have the figure in front of me, but it is correct that quite a few people who have the card do not use it.

Richard Lyle: I am led to believe that the scheme does not entitle the bearer of the card to free tram travel in Edinburgh, but Edinburgh residents get a reduced tram fare with another card. You might want to come back to me on that.

Humza Yousaf: No, I can answer and I will ask Tom Davy to confirm. We fund the national concessionary travel scheme for buses. Any local scheme is the responsibility of the local authorities so, if the City of Edinburgh Council wishes to allow concessionary tram travel for people who reside in Edinburgh but not for anybody from outside Edinburgh because it would have to fund that, it

has the right to do that. It is not a Government scheme; it would be the local authority's responsibility.

Tom Davy: That is correct.

Richard Lyle: Basically, your card just entitles you to go on a bus.

Humza Yousaf: It is not the case that it just entitles you to go on a bus. It entitles you to go on a bus and travel anywhere in Scotland for free. That is a pretty good concession. It costs us £196 million.

Richard Lyle: I am not knocking it. It is an excellent idea.

Rhoda Grant: Have you considered how the order will impact on ordinary bus fares? Will it lead to an increase, or should it have no impact at all?

Humza Yousaf: It should certainly have no impact. The fundamental basis of our discussion with the CPT is that the bus industry should be no better and no worse off. If it is no better and no worse off as a result of the concessionary travel scheme, the scheme should not be the basis for increasing or decreasing fares. Any increase in fares would not be a result of the concessionary travel scheme.

12:30

Jamie Greene: I have a small technical question about the cap. Going back to the kind of theoretical scenario outlined by Mike Rumbles, if patronage were to rise higher than we had expected or the forecasts had dictated, what would happen when we reached the cap? What would be the financial consequence of reaching the cap for the bus operators and for the public purse?

Humza Yousaf: The cap is agreed through a negotiated process, and if it is breached—and there have been years when payments have been higher—that is, contractually speaking, a matter for the bus industry. It is the industry's responsibility. However, we have to be realistic, and we would have to look at the reasons why the cap had been breached. In those years out of the past 10 in which that has happened, we have had towards the end of the year a late surge of take-up of travel on the national concessionary travel scheme. We would have a discussion with the bus industry about what was and what was not fair and whether we would have to absorb the cost as a budgetary pressure or whether the bus industry would take it on. If it looked like we were heading towards that stage, we would look at whether the cap might be breached and then reach a negotiated position. In some years, the breach has amounted to around £1 million, and there has

been a discussion about who should absorb that. I think that I would look to take the same approach.

Jamie Greene: I appreciate the answer, as it highlights an element of flexibility in the system that is to be welcomed. However, as far as the public purse is concerned, it is very difficult to sign off on a maximum cap if there is—to use your own words—quite a loose set-up under which the public finances might be liable for any breach. The contractual liability in that respect is not very clear.

Tom Davy: The legal obligation to pay is limited to the cap. If the cap is arrived at during the course of a year—and we try at the beginning of the year to set a cap at a level at which we think that that will not happen, which is why we have programmed in this increase—the liability for the Government ceases. Any free journeys that are undertaken after that point are, in legal terms, for bus operators to provide, and they have to absorb the costs. Understandably, they do not like that, and it is awkward when it happens. As a result, we try to avoid it happening by setting the cap at a certain level.

As the minister has said, we have on a couple of occasions in the past accepted claims beyond the cap. There were various reasons for that; in one case, there was a small overshoot that came up very late in forecasting and which we met in full. On another occasion, additional payments were made that were equivalent to actual claims above the cap as part of the transition to a new economic model that had quite a depressing effect on payment rates. If you like, it was a transitional relief.

Jamie Greene: Thank you.

The Convener: John Mason has the final question.

John Mason: It has been argued that more people might start using the bus, but I am sad to say that that has not been the case. Indeed, in Glasgow, fewer people have been using the bus. It could be argued that the £196 million is really too high, and one might ask why there should be an increase at all if we are expecting fewer people to use the bus. Although the argument has been made on one side, there is another argument to be made on the other side about being careful with public money. Do you really think that the £192 million needs to be increased to £196 million?

Humza Yousaf: Yes, for a number of reasons. Our desire and ambition as a Government is to reverse the decline in bus patronage as a whole and, as I have said, the national concessionary travel scheme can no doubt play a part in that. It is important that we continue to invest in bus transport; after all, looking at the demographics of those who use the bus, we know that buses can

be vital to health, educational and employment benefits.

The Convener: Item 4 is formal consideration of the motion. I invite the minister to move motion S5M-03819.

Motion moved,

That the Rural Economy and Connectivity Committee recommends that the National Bus Travel Concession Scheme for Older and Disabled Persons (Scotland) Amendment Order 2017 [draft] be approved.—[*Humza Yousaf*]

Motion agreed to.

The Convener: That concludes consideration of the affirmative instrument, and we will report the outcome to Parliament. I thank the minister and his officials for their evidence this morning.

We now move into private session.

12:35

Meeting continued in private until 12:49.

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

All documents are available on
the Scottish Parliament website at:

www.parliament.scot

Information on non-endorsed print suppliers
is available here:

www.parliament.scot/documents

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: sp.info@parliament.scot



The Scottish Parliament
Pàrlamaid na h-Alba